Interview with Bushnell John R.

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

JOHN A. BUSHNELL

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Q: This is Friday, December 19, 1997. I am John Harter, working on behalf of the Association for Diplomatic Studies and Training. We are beginning what I expect will be a rather lengthy series of fascinating interviews, John, given the extraordinary nature of your career, your memory, and your well known insights into what you've done. To begin, could you say a few words about where you were born, who your parents were, and where they came from?

BUSHNELL: I was born in Glen Cove, New York, on the northwestern shore of Long Island. My parents lived in nearby Oyster Bay; later they moved to even smaller nearby Bayville.

Q: Is this in New York City?

BUSHNELL: No, it's on Long Island, not too far from New York City. To describe my father's family line, the first Bushnell came to this country in 1635 from England.

Q: You missed the “Mayflower.”

BUSHNELL: Right. In 1639 the oldest of the Bushnell's, Francis, came to America. Two sons had come first, in 1635, landing in either Boston or Salem. Thus we have a choice as to how to count the generations. Sometimes we say I am the 12th generation in the U.S. counting from Francis but my sons are the 12th generation counting from Richard, who came in 1635; then my grandchildren are the 14th counting from Francis. Francis came on a ship called St. John. At sea the party drew up a covenant, now called the Gilford Covenant, to govern them in the new place. Francis was the third signer. The party settled Guilford, Connecticut, which is a few miles east of New Haven. Francis was granted a lot of three and a half acres at the northeast corner of what is now Fair and Broad Streets. Our direct ancestor, Richard, married Mary Marvin in 1646. She had come to America in 1636 as a child with her father, who was one of the founders of Hartford, Connecticut. Richard's family moved rather quickly to what is now Norwich in eastern Connecticut, where his father-in-law had become a leading citizen and gave the Bushnell family a lot next to his home. About 1750 our family settled in Lisbon about nine miles northeast of Norwich; the next five generation were born at Lisbon. Our first Bushnell ancestor not born in Connecticut or England was my grandfather, who was born in Rhode Island, only about a dozen miles from Lisbon.

My grandfather was the first Bushnell to attend a university. He graduated from Brown. There, among other things, he played football, guard. During his senior year, he had what today would be the great distinction of playing every minute of every game. Fairly soon after he graduated in engineering, he designed and helped build the current water and sewage system of New York City. He later had a large construction business on Long Island. He lost this business in the 1929 stock market crash and the depression which followed. My father went to Rollins College in Florida, graduating as an economist. He originally intended to go into his father's then prospering business. After my grandfather's business failed, my father worked for Nassau County on Long Island as a surveyor in the 1930s. Then my grandfather and father decided to build a golf course in upstate Connecticut. In 1940 we moved to a farm about seven miles from Goshen, Connecticut.

That project failed, and we moved to Winsted also in northwestern Connecticut where I grew up. I went to Gilbert School, a private high school open to all appropriately aged children in Winsted, Connecticut.

Q: Are you going to say something about your mother?

BUSHNELL: My mother's maiden name was Anderson. Her parents came from southeastern Ohio. They were part of the “Appalachian tradition,” one might say. My grandfather Anderson went to work as a coal miner at an early age. When he was 21, a machine cut off his right hand. As things were in those days, the mining company sent him to a hospital, where a doctor sewed up his arm. The company then fired him. So he struggled, eventually having a hook for a right hand, working in restaurants and other places. He moved to Columbus, Ohio, after he married a local girl. For many years he and my grandmother ran a small restaurant for college students. They managed to send all three of their children to Ohio State University in Columbus, Ohio. My mother only went for two years, but her younger siblings graduated. She met my father in Florida, where he was attending Rollins College and she was teaching at a secretarial school.

Q: Did you say what their first names were?

BUSHNELL: His full name was Richard C. Bushnell, and my mother's name was Emma Anderson. Gilbert School, where I attended high school, was endowed by the people who made Gilbert clocks, which, for many years, were one of the leading clocks made in the United States. Fortunately, they had the good sense to endow a free high school for Winsted, Connecticut. When that industry moved to Japan, or wherever it went, people were trained to go into other things. Gilbert High School had another benefactor who endowed a handsome scholarship to Yale University. Winning one of those scholarships became my goal. I had two choices, Yale with the Nisbet scholarship or the cheaper University of Connecticut.

Q: Was there anything in your early life predisposing you toward a Foreign Service career?

BUSHNELL: I don't remember anything. I didn't even think about the Foreign Service in high school or collage. While I was always interested in foreign countries and events, I didn't do any foreign travel.

Q: Was there anything in particular that got you interested in a career in the Foreign Service, such as a movie you might have seen, a book you read, or something like that?

BUSHNELL: No, I don't recall anything like that.

Q: Was there anything else about foreign countries...

BUSHNELL: While I was in high school, I did several things which were foreign connected. I don't remember now how I heard about it, but Radio Free Europe [US Government sponsored and financed radio service aimed at eastern Europe] was starting up about 1949. Although at the beginning it received a lot of US Government funding, the government was were trying to get people to contribute to it.

Q: Radio Free Europe had funding from the CIA [Central Intelligence Agency], didn't it?.

BUSHNELL: They designed some kind of proclamation. I heard about this and found that nobody was doing anything about this in Winsted. I called up one of the senior executives of the Pitney-Bowes Company, who was coordinating the Radio Free Europe campaign for Connecticut. He acquainted me with this drive for support for Radio Free Europe. When I was a junior in high school, I served as the head of this drive in Winsted. We got maybe 800 or 1,000 signatures and monetary contributions to support Radio Free Europe. Of course, when I graduated from high school in June 1951, the Korean War was underway . I was the valedictorian and gave a speech at the graduation ceremony, which was sort of a justification of why we should be fighting in Korea and why that was in our national

interest. I don't have a copy of that speech, but I must say that I would still agree now with much of what I said then.

At any rate, my interests were somewhat international in orientation, but I wasn't shooting for a foreign-oriented career. I initially thought I would go into business with a big company or maybe go to work for one of the Big Six accounting firms. Initially, I studied industrial management engineering, which was about the closest that Yale had to a business management course at that time. In my freshman year I took something called industrial drawing, really drafting. It was very hard for me. To figure out, from looking at a drawing of the front side of something, what the back side was like was something which I found difficult. Meanwhile, I found my economics course was a lot of fun. So I switched majors and concentrated on the study of economics.

Q: Were there particular professors or courses in which you were especially interested?

BUSHNELL: During my freshman year I had a course in Political Science. This was a big, lecture course with, perhaps, 400 or 500 attending. The course was given by a Professor Driver, an Englishman. In fact, he was a Member of Parliament. He couldn't be away from Parliament too much so he taught only one semester. He covered modern European history and politics. He was a brilliant and charismatic lecturer. He organized what was obviously an immense amount of material to cover the period from about the year 1000 A. D. to 1952 in the course of one semester. That was certainly an impressive course, although I can't say that it led me to think about the Foreign Service . I don't think I even knew at the time what the Foreign Service was. Among other professors who made a lasting impression on me were Robert Dahl, who taught politics, economics and welfare, Richard Ruggles, who invented much of national income accounting, and Rudolf Rhomberg who later became a senior official in the Defense Department and the International Monetary Fund. Rhomberg was my advisor for my senior thesis - “Stagnation during Transition, the Stagnation Hypothesis and the American Economy in the Next

25 Years". I was in the Air Force ROTC [Reserve Officers Training Corps] program. My immediate thoughts for the post-college period were to go into the US Air Force.

Q: So at that stage, when you were approaching graduation, did you have any real career thoughts beyond your period in the Air Force?

BUSHNELL: I was thinking of working for Price Waterhouse or Arthur Anderson [two large accounting firms] or going to a business graduate program at Harvard Business School. During my senior year three of us roomed together in a suite at one of the residential colleges. Neither of my roommates was in the ROTC program. Early in our senior year we were talking about what we might do. Some other friends joined in our conversation. One of them said: "We'll have to go to Graduate School. Otherwise, we'll have to go into the Army." They were talking about what they would do in Graduate School and what scholarships they might get. They had picked up some material on various programs and said: "Hey, John, you're the economist. Tell us what's a good deal."

Q: Is that where you heard about the Fulbright program?

BUSHNELL: Yes, I skimmed the booklets and said, "Look, at the Fulbright program. They pay you to go somewhere, a stipend which includes tuition and other costs while you're there. It looks like a really good deal." One of my roommates said: "If it's such a good deal, why don't you apply for a Fulbright scholarship?" There was no reason not to apply for one. To obtain a Fulbright scholarship, you have to apply to go to a specific place and you have to sketch the broad outlines of a study project. So the next question was where I would like to go. I decided my Spanish wasn't good enough to do graduate work in a Spanish-speaking country. That's why I decided to go to Australia. I thought Australia sounded like an interesting place, although I didn't know a great deal about it. I went to the Yale library and spent all of one afternoon studying Australia, reading the "Australian Yearbook" and other references. I decided Australian industrial development was just a few decades, or perhaps a couple of decades, behind the United States. I thought that it

would be interesting to do a comparison between Australia and the U.S. and see where they were following the US example and where they were different, since their economy was similar to ours, although they have a lot fewer people. I constructed a project and . sent in the necessary papers and references for a Fulbright grant to study in Australia. Eventually I gave up on it because I didn't hear anything from the Fulbright grant people. I thought they were supposed to call me in for an interview. I had planned to go into the Air Force soon after graduating from Yale. I was approaching graduation in about April, 1955, when I received a telegram saying I would sail to Australia from San Francisco in early September and more details would follow. I raced to the Air Force ROTC office and said I had this offer. I asked whether I could postpone my Air Force service. The Air Force was very accommodating and said: “Sure.” So I went to Australia.

Q: Did you choose to study in Melbourne, or did this come later?

BUSHNELL: The Fulbright staff in Canberra recommended I go to Melbourne for a very good reason. They pointed out that the University of Melbourne was trying to build up its Graduate School in Economics. Melbourne had a full-time research professor and two or three other professors who spent their time at the Graduate School. They had few students in economics at the University of Melbourne Graduate School. Most Australians, who feel that they are geographically very much at the end of the world, want to do their graduate work in the U.S., U.K., or somewhere else. The University of Melbourne had a hard time really building up graduate education, other than the masters degree programs in education. So the University of Melbourne was a good place to go, and I was able to work closely with these professors.

Q: Was this the first time you had been outside the United States?

BUSHNELL: Yes, aside from a couple trips to Canada. Professor Richard Downing, who was the research professor in economics at the University of Melbourne, was also the senior economic adviser to the Australian Labor Party. During my time in Australia Labor

was in the opposition. Nonetheless, it had to have an economic policy and present it to the country. Professor Downing conducted what might be called seminars usually at his home on weekends. These were an effort to develop what might be called alternative economic policies from those in the more conservative program being advocated by the Australian Government. Professor Downing criticized the Australian Government in a constructive way. There were only three or four of us studying with Downing, so my experience there was really an opportunity to be in on the ground floor of economic policy making, or perhaps, alternative economic policy making.

Q: So when you were in Melbourne, you were taking regular classes in addition to this research project you were involved in?

BUSHNELL: In Australia, after completing undergraduate work in the field of liberal arts, including economics, a student didn't attend any additional classes. Graduate students worked on their own projects, read more or less independently, and participated in faculty activities. Many of the students taught elementary courses in their field. I gave a few lectures, but I did not take responsibility for any courses.

Another fascinating activity was participation in The Grants Program. At the time the Commonwealth of Australia was established around 1903 there was agreement to a program under which the relatively richer Australian states agreed that federal grants would be given to the poorer states to help finance education, health, and other services to bring the services in the poorer states up to the same standard as in the richer states. To decide how much grant revenue would be provided to the poorer states, and to avoid making this a political revenue sharing issue, the Australians set up an independent Grants Commission, which consisted of three academic figures who examined the finances of the three poorer states each couple of years and recommended how much of a grant would be given to each.

Professor Prest, a professor at the University of Melbourne, was the Chairman of the Grants Commission. During much of the time I was in Australia, one of the members of the Grants Commission was unable to participate in its work. He had fallen sick and later died. So Professor Prest asked me to join in the work of the Grants Commission. I joined the Commission members and staff on visits to two of the Australian states for a week or 10 days each, visiting many government facilities and programs and attending hearings. I helped write the report. This was a very interesting experience and not one in which many graduate students get a chance to participate.

My Fulbright grant to Australia was for one calendar year because the seasons are reversed in the Southern Hemisphere. The research project I was working on evolved quickly from the stages of industrialization to being a study of Australian company merger activity in the post-WWII period and its implications for competition and financing.

Q: That is what led to your book.

BUSHNELL: Yes, it eventually led to a book. My work on this project had not been completed by the end of the year's grant, so I applied to extend my Fulbright grant. My professors invited me to prepare a paper on the work I was doing to present at the annual meeting of the Australian and New Zealand Social Sciences Association, which happened to be held in New Zealand that year. It was certainly tempting to make a trip to New Zealand to present this paper and see another country. The year coming up, 1956, also happened to be the year of the Olympic Games in Melbourne. I was able to extend the Fulbright Grant for about nine months.

Q: So your grant was for almost two years.

BUSHNELL: I had two extensions for a total of 21 months. I used the extensions to deliver a paper in New Zealand (enjoying a great three weeks touring most of the country, even walking the famous Milford Trail to the Milford Fiord) and to complete my research, while

enjoying the Olympics. When the research was done, my professors said it would qualify me for a master's degree from the University of Melbourne if I wrote it up is the proper form. I intended to do that while I was on active duty with the Air Force, but there never seemed to be sufficient time to finish it. In 1959 I returned to Melbourne and completed the thesis quickly, and I was awarded a M.A. degree in 1959. Professor Downing asked me to bring the thesis up to date so the University could publish it as a book; he thought it would be useful in the debate on the need for an Australian anti-trust law which was just getting underway. In fact later the book was quoted on both sides of the aisle during the debate and passage of new anti-trust legislation.

Q: Did you learn anything in connection with preparing the book for publication or from your studies in Australia which was subsequently useful? Did you get any ideas or observations on how the situation was in the real world? Or was your experience during this Fulbright years limited to academic matters?

BUSHNELL: I learned a lot of economics. This was practical economics, concerning company and anti-trust policy. It was not something which the State Department or the Foreign Service was much involved in. That part of my Fulbright experience has never been very relevant in the Foreign Service. What was relevant, and I suppose that all of us learn this in Graduate School, was becoming accustomed to working on my own, to searching out information, to talking to a lot of people, and to putting together the facts on a given subject. During my time in Australia I went around and talked to a lot of people who had handled company takeovers. Most of them were surprised someone from a university would want to come and talk to them. These conversations which I had were quite frank and open. This experience helped me to develop the basic, Foreign Service skills of collecting and organizing material and interpreting what was really going on. This activity was directed in particular at what was happening in the field of industrial organization, rather than at the kind of things that the Foreign Service is usually interested in. It was the other side of my Australian professional life as part of the small graduate economic faculty, which was so heavily involved in Australian economic policies, that gave

me much experience in dealing with the political-economic problems of policy alternatives that was very relevant throughout by career..

Q: Extrapolating from your own experience, especially in the field of economics, how would you assess the Fulbright program? Was it just a great, big, boondoggle or was it something that transformed world culture and developed some cohesiveness?

BUSHNELL: It was a very positive program. I wouldn't say that it transformed world culture by any means, but I think the students and professors who participated in it got a great deal out of it. It was useful, not only to American students and professors, but to the graduate group that I was involved in. In addition to myself we had one Englishman, an Irishman, and two Australians, one of whom was a communist and one who was equally far to the Right. We were full-time, graduate students who shared an office. In fact, three of us did a trip together to central Australia. We had what seemed to be endless conversations about political and economic affairs, as well as about the more narrow projects we were each working on. Certainly, I learned a lot from them, and I suppose that they learned a lot from me. Australia is close in many ways to the U.S. and the U.K., so it wasn't as if Australia were a completely foreign culture. Much building of the spirit of an interdependent world is done by people to people contacts.

Q: Unquestionably, this program had a tremendous influence on the way large numbers of people all over the world perceived things, regardless of the individual increments which affected human personality. I think that in terms of its affects on history, it really had some more direct repercussions.

BUSHNELL: Of course, as the world has grown smaller, for cultures that are as close as the Australian, the U.K. and the U.S. it is of less value because there are so many other things which bring people together, including tourist travel and businesses assigning people back and forth. Today I would not be a strong supporter of putting additional money into the Australian Fulbright program. My more recent experience was during the

last decade in Argentina, where the Fulbright program was much smaller. I was able to help USIS [United States Information Service] negotiate a substantial contribution from Argentina to expand a Fulbright program in great financial difficulty. It was valuable to have American professors go to Argentine universities and teach, do research, and build links that did much to move these universities, which in many cases tended to be far to the Left, back toward the democratic mainstream.

We sent many Argentines to study in the U.S. under various public and private programs. I saw many of them after their return to Argentina. The impact on them was broader than the Fulbright program itself. Coincidentally, the contribution made by US universities, such as Harvard, the University of Chicago, and Yale to the changes in economic policies that we now see in much of the world was substantial. Particularly in Asia and Latin America those taking the lead in adopting free market economies, privatization, and other market-oriented policies had usually done graduate work at one of the six or seven leading US universities. In most Latin American countries over the past 10 years or so almost all of the economic and finance ministers have had graduate study in the U.S. or the U.K. A very large percentage of them have studied in a small number of universities which have led the way in preparing people for policy positions. In fact, these universities have probably done a better job of preparing foreign students and professors than in preparing Americans for economic policy formulation and articulation I think that is a remarkable achievement. If anybody had started out to plan this, it probably would not have worked. Such is the glory of the free market in ideas.

Q: I think Senator Fulbright deserves great credit. He drew on his own experience as a Rhodes scholar. I've always been enthusiastic about it. I've talked to Senator Fulbright about it.

BUSHNELL: At the time that the Fulbright program was set up, much of the world seemed more remote from the United States., as Argentina was in the 1980s. At least at that time the Fulbright program was of immense importance.

Q: At any rate you went from this academic experience in Australia to the Air Force.

BUSHNELL: That's right. I had previously known nothing about the Foreign Service. At one point, while I was in Australia in 1956, I was dating a young Australian nurse who was living in Melbourne. She was the daughter of the editor of the leading newspaper in Perth, Western Australia. In the course of conversation she asked what I wanted to do with my life. I said it would be nice to receive an American salary and live overseas. She said I ought to join the Foreign Service. Her father was always close to the various American Consuls in Perth. She said: “You couldn't possibly have a better job,” meaning I would get an American salary and live in foreign places where I would meet a lot of interesting people. It seemed to me this wasn't a bad idea. I wrote to the Department of State to find out how to apply to enter the Foreign Service.

Q: You wrote to the Department of State from Australia?

BUSHNELL: Yes. I eventually took the written exam for the Foreign Service in the Consulate General in Melbourne.

Q: When was this?

BUSHNELL: I took the exam in 1956. I graduated from Yale University in June, 1955, went to Australia in September of that year, and left Australia in June 1957. The Department then sent me a letter saying I had passed, indicating that the closest place they were giving oral exams was Manila, and suggesting I travel there at my expense. Manila is almost as far as San Francisco from Melbourne and a more expensive flight. I thought the State Department had a poor knowledge of geography.

Q: Did you find the written exam hard?

BUSHNELL: I recall it was fun.

Q: Was it a four-day exam?

BUSHNELL: No, it was a one-day exam, lasting all day. It was an exhausting exam.

Q: Not as much as the four-day exam that I took.

BUSHNELL: I guess not. I went from 9:00 AM until 5:00 or 6:00 PM. It consisted of four or five sections, perhaps I had to come back a second day for the language part.. There were a lot of questions to which I didn't know the answers. I was surprised I did as well as I did.

Q: Did you go to Manila for the oral exam?

BUSHNELL: No, that was too expensive for me. I put the oral exam off and subsequently took it in Dallas, TX, while I was in the Air Force. The Department of State sent a traveling panel to Dallas to administer the oral exam.

Q: You were in Texas while you were in the Air Force?

BUSHNELL: Right. I finished up my Fulbright in Australia and decided to return to the U.S. through Europe. Australia is about equidistant from the east coast via the Pacific or Europe. We had gone by ship to Australia from San Francisco, about 25 of us Fulbrighters going to different cities in Australia. We had a couple of days' Fulbright orientation in San Francisco. We sailed on a liner, with agreeable stops in Hawaii, Fiji, and Auckland . It was a three-week trip to Sydney.

When I returned to the United States, I was not traveling with any group. I saw an advertisement by KLM [Royal Dutch Airlines] which offered many stops free when going to Europe from Australia. There was a map showing all the cities where one could stop. I planned a trip stopping in as many interesting places as possible.

Q: Via Paris and London?

BUSHNELL: I began by taking a train across Australia from Melbourne, in the State of Victoria, to Perth, in the State of Western Australia. Then I took the airline from Perth, flying via Jakarta, where I spent about a week, then to Singapore, Kuala Lumpur [Malaysia], and Bangkok. In Bangkok I took a side trip, which was not covered by my ticket, to Siem Reap and Angkor Wat [in Cambodia]. Then I went to Rangoon [now known as Yangon], Burma [now known as Myanmar]. I made several stops in India and a side-trip to Kathmandu in Nepal. I stopped in Karachi [Pakistan], Tehran [Iran], and Beirut. From Beirut I traveled to Syria by land. Then I went to Cairo [Egypt], Jordan, and Istanbul [Turkey].

Q: My God, this was quite a trip!

BUSHNELL: I then flew to Athens and Rome.

Q: That trip would have taken you several weeks!

BUSHNELL: Oh, yes. I had planned for up to a six month trip and had originally planned to spend considerable time in Europe. However, before leaving Australia I received a letter from the Air Force, noting that my Fulbright grant was over and that I should return to the U.S. and enter active duty with the Air Force. They gave me a reporting date of September, 1957 and asked me where I would be then. I replied to the Air Force: “In September, 1957, I expect to be in Rome.” The Air Force said: “Fine. Report to the Air Force Attach# in the American Embassy in Rome. He will provide you with transportation back to the U.S.” I used my KLM ticket paid for by the Fulbright organization to get me to Rome. I then returned to the U.S. on a train to Paris and then an Air Force plane.

Q: So now we have you in the Air Force.

BUSHNELL: I always had interesting things to do in the Air Force. I didn't qualify to be a pilot because my eyesight did not meet the required, physical standard. At that time, in the Strategic Air Command, there was a pretty advanced management program under

which they measured and rated the performance of air wings and air bases. There were a couple thousand categories that were rated. Then the ratings were given weights and an overall rating was calculated. Commanders whose units did well were promoted to general, and those who did not do so well were passed over and soon retired. It was a complex system and, like any management system, somebody had to handle the statistics and manage it. The Air Force was mainly assigning lieutenant colonels and colonels who could no longer qualify for flight duty to run the management system. They called them management analysts. However, most of them really didn't know how to handle advanced statistics, or much management either.

Somebody had the idea, just as I was about to enter active duty, that maybe they should take a bunch of bright, second lieutenants and train them to handle these management analysis jobs. I was put into this management analysis program and assigned to Dyess Air Force Base outside Abilene, in west central Texas, where I would be the management analysis officer. I replaced a lieutenant colonel. I was a second lieutenant. I was there for only a few weeks before I went to management analysis school in Lubbock, Texas.

Q: Didn't you go through basic training at all, or did your ROTC training count for that?

BUSHNELL: I had done the basic officer training during my time in ROTC at Yale. ROTC classes and drills were part of my program during each of my four years at Yale. I also went through two summer training programs in the ROTC. In 1954, during my first summer of ROTC training, between my junior and senior year at Yale, I was injured playing softball and missed about four days of training. The accident gave me an interesting experience. I was in the hospital at Mitchell Air Force Base on Long Island, NY. Also in the hospital were French Foreign Legion casualties from Vietnam. I don't know why they were there. However, most of the people in the part of the hospital that I was in were French Foreign Legion soldiers who had been injured in Vietnam. During the four or five days that I was in the hospital at Mitchell Air Force Base, I communicated as best I could with these people, although I didn't speak much French. Through this experience I learned a little bit about

Vietnam, though probably it was a distorted view. However, because I hadn't completed enough ROTC summer camp training, I had to go back for another Air Force ROTC summer camp during the following summer. I was commissioned a second lieutenant in the Air Force Reserve at the end of that training.

I reported for duty in the Air Force in Rome, Italy, in September 1957. When I arrived at Dyess AFB, I didn't even have a summer uniform. I had to go to the Base PX [Post Exchange] and buy uniforms. Of course, almost nobody who reported to Dyess AFB was in that situation. Everybody else was coming from another assignment or an Air Force school.

Q: So there you were, replacing an Air Force lieutenant colonel in Texas.

BUSHNELL: Right. The job wasn't too difficult. It was a very good, although complex, performance management system, and I was able to master it. Dyess AFB, when I arrived, was next to last; I think it was in 34th or 35th place, in overall rating under this relatively new performance management system. The commander of the base was having considerable difficulty dealing with the performance rating system. Before I left to take the performance management analysis course, he invited me to the Officers' Club for a drink and said: “I don't understand this performance management program. You've got to tell me what I can do to improve how we are handling it, or my career in the Air Force is finished.” I said, “Okay, Sir, I'll see what I can do.” I went on to the Air Force school, learned how to manage this program, and then returned to Dyess AFB.

It was good luck working for the base commander at Dyess because once he saw ways to improve things he was pretty tough about getting things done. Dyess AFB was a new base which could be both an advantage and a problem. Given the way the performance management system worked, there were ways of maximizing performance without changing much.. For example, they had put many fueling points or hydrants along the ramps when they were built because we were refueling lots of planes. At older Air Force

bases there weren't many refueling points, so the rating system gave lots of points for keeping all refueling points operational, which was important to readiness at older bases but not at our new base with its redundant hydrants. When I got to Dyess AFB, we had about 65 refueling points, of which 10 were “down” [not operational]. Nobody really cared because there was usually another refueling point, perhaps ten feet away. However, under the performance management system, Dyess AFB was taking a heavy hit for not having all of its 65 refueling points in operational condition. The remedy was to make the status of these refueling points a management priority and to ensure that the necessary repairs to these points were done immediately something went wrong. There were numerous categories like that. Once you understood the system, you could drive the management according to the system. Our scores went up steadily.

Q: You were just a one-person unit in charge of management at Dyess AFB?

BUSHNELL: I had a civilian Air Force employee working for me, a GS-12 or GS-13 [fairly senior civil service employee]. I also had several enlisted men and NCO's working under me. They gathered most of the data and prepared the calculations.

Q: And you were responsible for this system?

BUSHNELL: Yes. I was responsible to the Comptroller of the base. Management analysis was under the Comptroller. I was only a second lieutenant, but the Comptroller gave me a pretty free rein. I worked a good deal with the Base Commander. The Comptroller didn't have any control over things like getting the refueling points fixed. I worked on these matters directly with the Commander. After I had been at Dyess AFB about a year, the base was above the middle level of SAC bases in performance. The Commander said to me one night: “If you can get us up to become first, second, or third base in performance, I can become a general. What would you like to be?” I said: “I'd like to get out of the Air Force early.” He said: “Done!” My tour of active duty was only two years, but I was eager to get started in the Foreign Service or in some civilian career. After I'd been on active duty

for 18 months, our base was in first place, and the Base Commander arranged for me to be released from the service. He made general on the next promotion list.

Q: Then you became a teacher for a while there.

BUSHNELL: I found that West Texas was not a place with a lot to do. There were several colleges in Abilene, which was sort of a college town. There was a need for somebody to teach economics at Mc Murray College, basically a religion-oriented school. The school had no one to teach second year economics, which was fiscal and monetary theory as they had set up their program. With the concurrence of my commanders, who wanted to please me but also to improve the base's relations with the town, they agreed that I could teach this course.

Q: This was sort of a course in “Principles of Economics”?

BUSHNELL: No. After the students had completed “Introduction to Economics,” this was the second year course. It covered fiscal and monetary theory and policy. Essentially, during the first year the Economics Department at McMurray College taught economic theory, which a lot of the students took. Then there were business courses, accounting and management courses, and this course in monetary and fiscal policy. That's about all that there was at McMurray College at that time in the so-called business and economics department.

Q: Fiscal and monetary theory would be an interesting course to teach.

BUSHNELL: It was a field I was familiar with, so it was not particularly difficult to teach.

Q: How long did it take? A couple of semesters?

BUSHNELL: The class was two semesters, meeting for an hour and a half twice a week in late morning. I would go to the class, wearing civilian clothes. Sometimes, if I were pressed for time, I would even teach in uniform.

Q: Did you like teaching?

BUSHNELL: I enjoyed teaching that course.

Q: A certain amount of preparation would be required to teach it.

BUSHNELL: Yes. I had to review what we were covering. We had a standard textbook. It had been selected before I got there. The college had bought the books for the course and asked me to use this book. I also tried to have office hours once a week in the evening when students could come in and talk about their problems and projects. I assigned every student a major paper to prepare and present in class each semester.

Q: Would it be difficult to make them understand technical, economic terms.

BUSHNELL: Yes, I certainly learned how to find redundant ways to explain many concepts.

Q: I was thinking of things valuable to you during your career in the Foreign Service.

BUSHNELL: In the Foreign Service the concept of finding several alternative routes to a goal is important. If a first approach does not convince a host government to support what the U.S. wants, one needs to move seamlessly to approach two, three, or four. Often several routes are also needed for an Embassy to obtain what it wants from Washington. In the inter-agency policy formulation process in Washington one often must explain a position in several ways, especially to reach and convince each of the various agencies.

Q: You were not particularly interested in pursuing a military career. Do you have anything further to say about your Air Force experience? Of course, you had a good opportunity to learn some management principles.

BUSHNELL: I think in many of my later jobs in the State Department my Air Force experience was very valuable. Of course, the Air Force is much more standardized and organized than the State Department ever could be. However, in the Air Force I had some fairly high level experience in seeing how things were done. At least according to the textbooks of the time, the Strategic Air Command was considered to have one of the best management systems anywhere, private or public. Especially as Dyess Air Force Base began to improve, I had occasion to go to meetings in Omaha, Nebraska, and March AFB, California, to work on improving the performance management system. There were hot management types engaged in this effort. I learned a lot. I also learned a lot about how to motivate people to do things and to take things which may seem, on the surface, to be somewhat silly, and get them to do it.

I think my Air Force experience was helpful to me in managing a bureau in the State Department or an Embassy overseas, although one doesn't manage State Department work in quite the same sort of way. I think the State Department wisely has never set up a system where they compare one Embassy with another, although there are some specific areas where they do that. At several points in my career I was involved in efforts to improve the management of State Department resources, particularly to focus greater State and other agency resources on priority goals.

There was one other aspect of my Air Force work which deeply impressed me. We, of course, had a lot of nuclear weapons on the base. There were Nuclear Control Officers assigned to maintain control of these weapons. When weapons were received, moved, or loaded on aircraft, a control officer had to be present and complete the paperwork assigning the weapon to the next responsible officer according to the instructions received from SAC Headquarters. The pilots were not Nuclear Control Officers and were not

expected to supervise the delivery of the weapons to the plane. There always had to be a Nuclear Control Officer immediately available.

Q: Then the Nuclear Control Officers had direct contact with arrangements affecting the bombs.

BUSHNELL: That's right. Of course, at that time we stood alerts. We had planes that were continually on alert. The pilots and crews were fully suited up and ready. They could go to the Officers' Club to eat, but they would live and sleep right in quarters near the aircraft. They had to be able to get their planes off the ground in five minutes or less. There were readiness drills in this connection. Alert aircraft usually had nuclear weapons loaded.

A number of us were Nuclear Control Officers, but I was the only second, and later first, lieutenant who was a Nuclear Control Officer. Guess who always had the duty on Christmas, New Year's Day, all of those holidays, and weekends? On all of those occasions I had the duty, as I was the most junior.

Q: Were you ever tempted to drop one of these weapons?

BUSHNELL: I was never tempted to sign one off on arming weapons. That is, to release the weapon for use. Only the President through SAC Headquarters could do that. During training and for the planes on alert, the pilots received only authority to carry the weapons not to arm or launch them. However, at the time of the Lebanon crisis in 1958, I was the Nuclear Control Officer on duty. I was in my office. I received a call from the nuclear control people that we had received TOP SECRET orders and that I should report to the Base Operations Center immediately. I did so, and we had orders to load nuclear bombs on virtually all aircraft. We proceeded to load nuclear bombs on all available planes, most of the aircraft took off.

Q: This was at the time of the crisis in Beirut.

BUSHNELL: I signed off weapons to the pilots, and the planes took off. Of course, they were subsequently called back, but it was a scary moment and made quite an impression on me.

I was stationed at a SAC [Strategic Air Command] base, and we prepared for many contingencies. I have just spent about 10 days visiting Costa Rica with two of my children and two grandchildren. The other night one grandchild asked me whether I had had a gun. I said: “Yes, when I was in the Air Force, every officer had a gun.” Somehow, SAC had the idea that the Russians might parachute people down onto Dyess Air Force Base in West Texas and try to take over the base with its bombers and nuclear weapons. We had all kinds of weapons to repel that sort of attack. All of the officers had to have a pistol readily available and an M-16 rifle in their room, their office, or someplace convenient. Sometimes enlisted men would get into scraps and would take weapons into town. We had some nasty incidents. There was something of a cold war atmosphere. A SAC base, after all, was on the front line of the cold war. We had a large number of nuclear weapons and the planes which could carry them anywhere in the world.

Q: We didn't talk about the oral exam for the Foreign Service, did we?

BUSHNELL: I took the oral exam in Dallas, Texas, on a Saturday. I drove up from Abilene. I had heard that the examining panel wants you to leave the examination room thinking that you had made a fool of yourself. Then, if they don't pass you, you don't feel cheated. The oral board certainly accomplished that in my case. For example, one of the things they asked me was to go around the Mediterranean and name the chief of state of each country. I could only name a couple. There was a number of other areas where I was hopeless. They asked me a lot of questions about symphonies. I had never in my life listened to a symphony all the way through. I certainly couldn't answer most questions about symphonies. There were several areas where I did not sparkle.

Nonetheless, somehow I passed, perhaps because I maintained a positive attitude through my ignorance or perhaps because the Foreign Service needed economists..

Q: So you went straight into the Department of State after you left the Air Force.

BUSHNELL: Not directly. The Department notified me some time in early 1959 that I had passed the oral exam and that I would be told when to report for duty. They said that there were a lot of people waiting for appointment, and timing was very indefinite. When I found I was getting out of the Air Force early, the Air Force travel people told me they would pay my way back to where I was when I entered the Air Force and asked where I was living just before coming on active duty. The sergeant in the Personnel Office said: “Melbourne, Australia. There ain't nowhere in the world further than that. You can go anywhere you want.”

Q: Your taste for travel had already been whetted by your time with the Fulbright.

BUSHNELL: I hadn't finished my master's thesis, and I thought I would go back to Australia and finish that. I said: “Well, I'd like to go back to Melbourne.” The Air Force flew me on an Air Force plane to Honolulu, Hawaii. At that time there was no Air Force plane going to Australia, so they sent me First Class on Pan American Airways to Melbourne. I spent four months in Melbourne in 1959, updating and revising my thesis on Australian company mergers. I submitted my revised master's thesis to the University of Melbourne after about a month or so, and my professors wanted to publish it but suggested I take a little time and bring the study up to date. They gave me a research grant for a few months in Australia. Eventually the University of Melbourne Press published it, and it was used in college courses throughout Australia.

As I worked on the book, I heard nothing from the Department of State. I developed my travel plans and booked passage by ship from Melbourne to London with a break on the Indian subcontinent. As planned, I got off the first ship in Colombo [Sri Lanka], where I planned to spend three days. I had rented a houseboat in Kashmir, [India], for a month. I

was planning to spend the time on the houseboat editing the book. Kashmir was a place I had always wanted to visit. Also, I found that in Australia, although I was putting in 30 or 40 hours per week on the book, there were a lot of distractions and things to do, people to see. I finished the research, and I thought I would go to Kashmir where I could focus on editing the book. My plan was to take a subsequent sailing of the same line in Mumbai [Bombay] to London.

Q: But no stops in between.

BUSHNELL: The ship stopped at a few places such as Aden, Cairo, and Gibraltar, going through the Suez Canal. I planned to take a few months off in Europe until the Department of State got around to saying where I would go next.

Q: Did you have some money on hand to do this?

BUSHNELL: I had saved some money in the Air Force. In 1959, during the slow season, a student could travel around Europe fairly cheaply. I probably had one of the most marginal decisions on coming into the Foreign Service that anybody has ever had. I got off the ship in Colombo. It was a terribly hot day, even for Ceylon. I went to see a friend in the Central Bank.

Q: Was that in Sri Lanka?

BUSHNELL: Yes, at that time it was still called Ceylon. My friend had studied in Australia and had also worked with Professor Downing. He was already the head of the Research Department of the Central Bank. I had written to him and said that I was coming to Ceylon. He invited me to come by and took me to lunch and dinner Thus it was not until the next day that I went to the American Embassy to get my mail. There was a letter for me from the Department of State. At this point it was the middle of September 1959. The letter instructed me to report for duty in Washington in early November, 1959. The letter asked

me to let the Department know my decision right away and confirm I would accept the appointment as a Foreign Service Officer.

I thought about it. I liked the plan of visiting Kashmir, of getting the book ready for publication, and then I could take things easy for a while in Europe, then think about a private sector job if the State Department would not wait, as I figured it would not. However, it was a very hot day in Colombo, and I finally decided that I was 26 and maybe it was time to begin real work - a career. It was a marginal decision. I got in touch with someone at the Embassy in Colombo who sent a telegram saying I would report for duty as instructed. I decided I preferred to spend the five weeks I had planned to spend in Kashmir in Europe instead. The book could wait until I was in the Foreign Service. I changed my ship booking, managed to find a flight to Madras the next day and the following day to Bombay where I got back on the same ship I had left in Colombo. I canceled my plan to visit Kashmir. To this day I have never been to Kashmir.

I traveled around in Europe with three Australians. We rented a car in Paris and drove to Spain and Morocco. I then had a week in Paris as well as a week in London. Then I flew back to the U.S. on November 9 and reported immediately to the Department of State for the A-100 course in the Foreign Service Institute.

Q: What do you remember of your first days after coming into the Foreign Service in Washington? What were your first impressions?

BUSHNELL: The FSI was not located in a very nice facility, as it currently is. We were in Arlington Towers, in Rosslyn, VA, for the A-100 class.

Q: What was the A-100 class? Was it inspiring? Was it useful to you?

BUSHNELL: I wouldn't say it was inspiring. It may have changed over the years and may now have improved. For somebody like me, who didn't know how an Embassy worked, the course really didn't educated me on what one does in the Foreign Service. It gave me a

lot of general information about the world and also about personnel policies in the State Department. Perhaps I had been brain washed by the Air Force, where I was taught the job I was going to do. In the Foreign Service 90 percent of the occupational preparation consists of on the job training. In the case of a person who is sent out to be a Human Rights reporting officer in an Embassy, he or she may get to spend a couple of days in the Human Rights Bureau in the Department. There he or she may find out that there is an annual report prepared on human rights on every country in the world and what the situation is in the country to which he or she is being assigned. However, essentially, the officer is dependent on his colleagues at post to tell him what his job is and how to go about doing it. We have such a great variety of jobs in the Foreign Service, and it is hard to get around that. I have always thought that it would be a good idea to have a couple of weeks in the A-100 course focused on what Embassies do and how they do it. That is, how they prioritize and how they organize and equip people to do their jobs. This is particularly the case with functions other than consular duties, to which the more junior officers usually are assigned.

Q: Was there anything specific which stood out in the A-100 class? Were there individual members of your class with whom you were subsequently closely associated? Was there anyone in your A-100 class who was later well known in the Foreign Service?

BUSHNELL: Tony Quainton was later Director General of the Foreign Service and Ambassador to several countries..

Q: Would you have picked him as the one most likely to be the most prominent in the class?

BUSHNELL: He had a great facility for languages. He spoke several languages, which made him stand out in our group. We did not have many people in our class with particularly great, linguistic abilities. I think my A-100 class were composed of compatible, bright people. There were a few members of the class who, I thought, had really done the

right thing because they had obtained some State Department experience before they entered the Foreign Service. Gary Vine, for example, had gotten a job as a Staff Aide in the Department. He actually knew something about the Foreign Service. This support job gave him a paycheck while he was waiting to come into the Foreign Service. However, most of those in my class were almost as ignorant as I was about the Foreign Service.

Q: When did you learn what you first job in the Foreign Service would be? Do you remember anything about that, and what was your reaction when you found out?

BUSHNELL: I had spent much of the previous four years outside the United States; and living on Dyess AFB in Texas could even be called outside the United States. I hoped that my first assignment would be to the Department in Washington. I knew there was no guarantee of such an assignment. Thus I was pleased that my first assignment was to INR [Bureau of Intelligence Research and Analysis].

Q: Did you have any idea of what that would involve?

BUSHNELL: I really didn't have much feeling as to whether that assignment was good, bad, or indifferent. I certainly did not know any more about my likely duties than the title of the Bureau.

Q: What did you think when you arrived in INR?

BUSHNELL: Once I learned that I would mainly be doing book research in INR, I thought that this assignment would not prepare me very well for life and work in the Foreign Service.

Q: This would have been in 1960.

BUSHNELL: Yes. My first assignment was to the A-100 course. Then, because I wasn't 3-3 in Spanish [a numerical rating of fluency: speaking “useful” and reading “useful”], I spent 16 weeks studying Spanish.

Q: Did you take the Spanish exam in the written examination?

BUSHNELL: Yes, but I did not do well. When I got to Washington and took an oral exam, my rating was far below the 3-3 level.. This language study was not as useful as it might have been because I spent the following 2 # years in Washington. I was hardly speaking Spanish at all.

I reported for duty in INR in the summer of 1960. At that point one of the main jobs in INR was to work on the National Intelligence Survey, a fairly lengthy, in-depth publication on each country in the world. Some of the work of preparing this survey was contracted and some of it was done in house. I was assigned to write an economic section of the study on Argentina. Of course, I also had some work to do on current intelligence. Periodically I had to come in early, go through the intelligence cables on Latin America, and prepare briefing papers for the Department principals. To do that, I had to know something about both the economic and political situation in most Latin America countries.

Q: You were in the Latin American section of INR.

BUSHNELL: Yes.

Q: Who was your boss?

BUSHNELL: I had two bosses. My immediate boss was Mary Manzoli, who was one of the great Latin American economic specialists and a section head. Elizabeth Hyman was a division chief, in INR/RAR, Division of Research for America Republics. Both were career civil servants. This section was large, much larger than it is these days. There were a lot

of capable and interesting colleagues working there including quite a few Foreign Service Officers..

Q: During the 1950s INR was mainly staffed by Civil Service officers. At the time INR had relatively few Foreign Service Officers. The bulk of the domestic staff of the Department of State was composed of Civil Service officers. In an effort to break down what was perceived as excessively rigid divisions between Civil Service officers and Foreign Service Officers, a program called "Wristonization" was adopted in the Department of State. Named after Henry Wriston, then Dean of Brown College in Massachusetts, this involved "lateral entry" into the Foreign Service of civil servants mostly already serving in INR and elsewhere in the domestic staff of the Department of State, following a brief, oral examination. The purpose of this program was to broaden the Foreign Service in terms of the background of persons serving in it.

Some people argue that under this program the Foreign Service was completely transformed. Before the Wriston program the Foreign Service was said to be more detached and scholarly and to be an "elitist" group. "Wristonization" certainly created some "upheaval." This process happened just before you entered the Foreign Service. Did you have any sense of what was going on in this respect?

BUSHNELL: I had a feeling that INR was an office searching for a mission.

Q: Had it found one?

BUSHNELL: It had not done so during my period there. I was a very junior officer, an FSO-8 [lowest ranking Foreign Service Officer]. Missions were not particularly high on my list of priorities. Serving in INR, when I was there, were many civil servants who had worked there for decades. The Director of RAR was Bob Dean, a FSO who went on be DCM [Deputy Chief of Mission] in Chile and Ambassador to Peru. Larry Eagleburger [later the first Foreign Service Officer to serve as Secretary of State] was one of my colleagues.

He dealt with Honduras. I dealt with Argentina. He was on his second assignment. He had had one previous assignment, in Honduras.

Q: He had been in the Foreign Service for a number of years?

BUSHNELL: No, he had had one tour overseas in Honduras. He served there for two years. When I served with him in INR, he was writing something on Honduras. In addition to working on Honduras, he may also have covered other Central American countries.

Q: Did you have any particular impression of Eagleburger from that time?

BUSHNELL: He was an enjoyable and very bright guy. We went to Washington Senator baseball games together. He was married. Ann and I played tennis with him and his wife on one or two occasions. However, I didn't have much of an impression of his work.

Q: But you wouldn't have picked him as a future Secretary of State.

BUSHNELL: No, I would not have picked him out to be Secretary of State, or anyone else at that time. I might tell one humorous story about him. Among us FSO-8s, FSO-7s, and FSO-6s [lowest ranking FSOs] in INR there was a certain amount of kidding around about not being proper Foreign Service Officers. We felt we weren't really Foreign Service Officers because we hadn't had enough experience as yet. Some of us had had one tour overseas. I can remember one light moment. We had just come into the Department building. It was raining, and we all had umbrellas. Eagleburger said: “One of the first things to learn as a diplomat is how to fold your umbrella properly. Get it exactly right.” He went through this routine with his own umbrella. He did it properly, with the lines perfectly straight. He put it down, with the point on the floor and said: “That's the way a true diplomat carries an umbrella.” I could never get an umbrella to fold nearly as neatly as Larry. He might say that is why he made Ambassador.

Q: Concurrently with this process, which involved changing INR from being a detached, relatively scholarly organization, the same thing happened in the 1950s, when the CIA [Central Intelligence Organization] was growing by leaps and bounds. Presumably, INR was settling into being the "interface" between the CIA and the rest of the State Department. Did you have any impression as to how that was working out?

BUSHNELL: From the perspective of where I sat, I thought CIA was a competitor. RAR tried to have the best analysis in Washington. Perhaps the concept of INR as the interface with CIA came later as the number of positions in INR was greatly reduced. Essentially, what RAR, the Latin American sector of INR, was trying to do was to establish its own credentials in terms of briefing intelligence material to the Secretary of State. We also drafted contributions to the NIS [National Intelligence Survey], which was actually being paid for out of the CIA budget. I suppose my salary at this time was really being reimbursed by the CIA. I had several discussions with CIA officers, but they knew even less about Argentine economics than I did. CIA even tried to recruit me to be an analyst for them. I was not interested, but I enjoyed a couple of nice lunches.

There were great problems in handling the budget and other Argentine data. The numbers just didn't add up. We sent messages back and forth to the Embassy in Buenos Aires. I remember at one point someone suggested we have a meeting with CIA and see whether they could straighten it out. We went out to the CIA headquarters and sat around with some CIA people. They knew even less about the data than we did. We reviewed and made comments on national intelligence estimates coordinated by CIA, but most of that work was done by the division heads. At my level we did not even have much contact with the Latin American Bureau in State. We were an interface with the intelligence community only in the sense that we had time to read all the raw intelligence and make sure the important points were communicated to the Secretary and other policymakers.

Q: This NIS project on Argentina was the first important study that you did.

BUSHNELL: That's right. INR was heavily funded by CIA to write these surveys. Everybody, or nearly everybody, was working on one or another chapter of an NIS. That's what we did, unless we were doing work on current intelligence. We prepared occasional papers for ARA [Bureau of American Republic Affairs], the Secretary of State, or other people or offices in the Department of State. We had to keep up enough with the situation in Latin America to be able to handle the current intelligence function. Every day I read the incoming cables and intelligence materials - or at least skimmed them. That is essentially what the job in INR consisted of; it was a wonderful comprehensive introduction to Latin America.

Q: Since you later were much concerned with Argentina, maybe it is worth spending a few minutes reviewing what you learned about the country at that point and whether, in your subsequent experience, you found out whether what you learned was valid or not.

BUSHNELL: When I started out, I knew nothing about Argentina. I started out just reading all of the cables and airgrams from Argentina. At that time some of the communications were still called despatches or airgrams. I went back into the files to do research on subjects that I was writing about; I pieced together historical information and data. I reviewed what the Embassy in Buenos Aires had reported to the Department for a considerable period of time, at least on the economic side. I also read reports on what was happening every day. There were all sorts of reports, and not just from our posts in Argentina. I learned a lot about the country. As it turned out, this studying gave me background information useful during subsequent incarnations when I dealt with Argentina, including when I went to serve in that country. I knew more about the history of 20th century Argentina than most people who had not spent a couple of years researching intelligence surveys. I spent a lot of time working on Argentina between 1960 and 1962. Then, except for a few dealings with Argentina while I was in Treasury, I didn't get back to Argentina until I was principal Deputy Assistant Secretary of State in ARA [the Bureau

of American Republic Affairs] in 1977-1981. This earlier experience served me well. I had developed a feel for the country.

Working on Argentina in INR/RAR was not a bad place to begin in the Department of State. It wasn't a high pressure job. I became involved in the preparation of routine memoranda, which everybody has to do in the Foreign Service. I also had the current intelligence function. I became involved in a lot of discussions on whether we in INR had something to say that could shed some light on something that would be of interest to some of the policymakers. Of course, 1961 was an interesting time, with the beginning of a new administration in the United States. By that time I was a little bit accustomed to the Department and pretty much up to speed on Latin America. Once the new, Kennedy administration came in, I wrote a paper summarizing some of the long-term problems in Latin America such as the concentration of rich land and the lack of tax structures to support education and other social services. It went to Under Secretary Chester Bowles among others.

Q: I was going to ask what kind of an impact did you think that Roger Hilsman [Director of INR in the early 1960s] make in the Department of State? As I recall it, he had previously criticized the way the Department functioned and had all kinds of ideas to reform it.

BUSHNELL: When I began work in INR, I was, of course, very inexperienced and didn't really know what I was doing. By the time the Kennedy administration came into office [in 1961], I had been in the Department for less than a year, but I found that there was considerable receptivity to people who proposed new ideas. It was easier to move ideas up the chain under Hilsman than had been the case in the past.

Q: Did you have any particular sense of Roger Hilsman himself?

BUSHNELL: He came in with the Kennedy Administration, replacing a Foreign Service Officer. He had advanced degrees from Yale although he had attended West Point, which gave me a little link. When I proposed sending a couple of policy-oriented memos to the

senior policymakers, I had the feeling my immediate bosses thought he would shoot down the idea. But he endorsed the memos. However, I had little personal contact with him. Together with others in the office, I would go occasionally to meetings with Hilsman at which he talked about one issue or other. I had the impression that Latin America was not his particular area of interest. I thought that he was a serious and bright guy.

Q: He was relatively younger and reportedly ambitious. Of course, after Kennedy's assassination [in 1963] he wrote his book, "To Move a Nation." He was a strong admirer and supporter of Kennedy and he hated President Lyndon Johnson, who succeeded Kennedy after he was assassinated [in 1963]. His book tried to show how, during the period of the Kennedy administration, which was referred to as the "New Frontier," everything was going great in the world. Immediately after Kennedy's death, everything in the world seemed to fall apart. I actually don't know what happened to Hilsman after he left INR.

BUSHNELL: He became an academic, I think. I haven't seen him recently, but I believe he became Assistant Secretary for the Far East, which was his main interest, and eventually taught at Columbia University.

Q: You mentioned that you wrote a "think piece" for Under Secretary Chester Bowles. What was the context?

BUSHNELL: I don't recall precisely what sparked my thinking, but fairly early in the Kennedy administration I wrote this concept paper, perhaps three months after Kennedy entered office. The theme was the importance of encouraging the basic reform of economic institutions in Latin America to eliminate corruption, move toward more market-oriented policies, and generally to encourage and strengthen the growing middle-class while breaking the strangle-hold of the traditional vested interests on the economies to permit the middle-class to grow and assume economic and political power. Without changes in numerous institutions, I argued, our position in Latin America would go down

the drain as the communist left became the only alternative to the vested interests, sometimes including US investors. I indicated there would be a lot of problems involved in making such changes from increasing tax collection from the wealthy and expanding education for workers to land reform. I edited the draft down to a page and a half, or something like that. Under Secretary Bowles was very impressed with it.

Q: Did Under Secretary Bowles actually discuss this paper with you?

BUSHNELL: Yes. He called me up on the phone. I guess that he first called somebody else in INR and asked who wrote this paper. Bowles then called me up to talk to me a little bit about it. Later I met with him.

Q: What did you think of these conversations with him?

BUSHNELL: I was very impressed with him. I knew quite a bit about him because he had been Governor of Connecticut.

Q: He was quite popular at that time. He was considered a potential presidential candidate.

BUSHNELL: He seemed to understand the points that I was making. He took them aboard and asked me to do something related to it. I forget what it was. I guess that he didn't last too long in that job.

Q: Only a few months. Have you any ideas as to why he was “axed” so soon? People said that Chester Bowles was very “idealistic” and “utopian,” a dreamer, in other words.

BUSHNELL: That wasn't the impression I had of him. What I was saying in this paper was that some major changes were needed in Latin America; he seemed to accept my reasoning. He clearly felt that was what the USG should be working on. However, I had the impression that he did not have much to do with setting policy. I had only two meetings with him. This was toward the end of his period in the State Department; he soon went

as Ambassador to India. I know he discussed my paper with ARA officers because they complained to INR that the paper should have been cleared by ARA. However, I think that because of my contact with Bowles I was soon asked to do some work for Rostow.

Q: Was that Eugene or Walt Rostow?

BUSHNELL: Walt Rostow. He read something I wrote after the Bowles paper. He was prone to telephone people. People in the Kennedy administration did a lot of that.

Q: He was the Director of Policy Planning.

BUSHNELL: He was the head of Policy Planning. Then he was dual-hatted as deputy National Security Adviser [to the President]. Johnson appointed him National Security Advisor in 1966. That was one of the nicest ways that I know of to keep the State Department fully involved in the NSC [National Security Council] process.

Q: However, I really don't think that it's a good idea to have somebody holding both jobs. It gives one person too much power. I kind of like “checks and balances” in this world.

BUSHNELL: Well, “checks and balances” are alright, but it has been the more usual problem to have the National Security Adviser fighting with the Secretary of State. The Rostow dual-hatted role is one way which has worked in avoiding that kind of fight. However, it has not been used since; perhaps presidents think it would put the NSC too much under the Secretary of State..

Q: You think of Rogers and Kissinger, Vance and Brzezinski. There are plenty of examples. So what did you do with Walt Rostow?

BUSHNELL: Rostow was setting up a project in Policy Planning to try to orient the allocation of USG resources to focus on priority US objectives and to establish a

framework to get all parts of the US Government working on the same priorities and cooperating.

Q: This was in late 1961 and early 1962?

BUSHNELL: Yes. Rostow decided that one approach to try was to do some in depth country studies to lay out what it was that we wanted and how we could go about getting it, as well as what resources from the US Government could be brought to bear on priority objectives. This project concentrated on a long term view on where we wanted to go. The State Department tended to spend most of its time worrying about the next Presidential visit to a given country or how we were going to work on some immediate issue. We didn't have an overall view on where and how we wanted countries to develop and change and how to direct our efforts to encourage such change imaginatively. Rostow decided to have some pilot studies done in this connection. I was detailed to him to prepare such a study on Argentina. Max Chaplin, an FSO in ARA [Bureau of American Republic Affairs], was detailed to do a Colombia study. He had served in Bogota recently and soon thereafter took over the Colombian desk.

Q: So this project on Argentina followed your earlier projects on Argentina.

BUSHNELL: Yes. I knew a lot about Argentina from the work I had been doing in INR. However, this project was to be quite different because the purpose here was to look at where Argentina was in potential conflict with US interests. The question was why that was the case and how we could bring about a change. At least that was the way I looked at this project. Then the question was what specifically we should be doing toward bring about the changes we wanted over the long run. What this came down to was basically an examination of how he should use our influence and resources over a long period. Of course, Argentines would decide how their policies develop, but we could influence them at the margin. Argentina was to be an example. Nobody claimed that we could do much to get Argentina to function as a real democracy. However, if it did so, it would be much

more aligned with a great many of our interests. Instead, Argentina went back and forth between military dictatorship and tenuous civilian rule. The only effective groups in the country were apt to be extremist in one way or another. That was essentially the thrust of what we wrote. We sought to work with various elements in Argentine society which shared our view of Argentina's future democratic potential.

Q: This is Friday, December 19, 1997. This is Side A of Tape 2 of the interview with John Bushnell. I am John Harter, for the Association for Diplomatic Studies and Training. John, we were discussing the paper on Argentina which you were writing for Walt Rostow.

BUSHNELL: First, I would like to explain what we were doing and where we were trying to go. I think the management analysis work I had done with the Strategic Air Command of the Air Force was useful, and my background in Argentina was useful. Fortunately, I was in the right spot. The fact that I was an economist didn't hurt. We spent a lot of time considering various ways of looking at Argentina. Finally, I completed a draft paper and sent it down for comment to the Embassy in Buenos Aires.

Q: Were you working with the Argentina desk in the State Department on this project?

BUSHNELL: Frankly, no. I went to the Argentine desk officer to try to get input for the draft. I don't remember his name now. I can remember his office had newspapers piled up everywhere. The desk was involved in the current Argentine situation and knew what was going on any given day, but the officers there did not seem to have a long-term game plan..

Then, as I suppose as it goes with any career, I got a break. The government in Argentina headed by President Frondizi was overthrown by the military in a coup d'etat. As this was the first such coup in Latin America during the Kennedy administration, it was an event of great policymaking concern. Walt Rostow was not the sort of policy planning person who keeps his eye on a distant horizon without paying attention to key current events. He was immediately involved in determining what we were going to do — how we were going to

show our disapproval of the overthrow of the Frondizi government. I can remember sitting for my first time in the front office of the Bureau of American Republic Affairs.

Q: Was Ed Martin the Assistant Secretary?

BUSHNELL: Ed Martin was the new Assistant Secretary. Dick Goodwin was his deputy. There were a lot of people at this meeting. I went with Walt Rostow.

Q: You're right. Ed Martin was the Assistant Secretary for ARA. He had replaced Woodward by that time.

BUSHNELL: Of course, we had the legal advisers who said the standard things. They said we had to recognize the new government because it was in control in Argentina. People like Dick Goodwin, Walt Rostow, and myself felt that we had to show our disapproval somehow. We said that we disliked this sort of thing, which was against our interests. In terms of the paper that I was working on, this was a prime example of what we disapproved of. The Frondizi government had been much more compatible with our interests. The new government was a basically a military dictatorship although the President of the Senate (constitutionally the next in line) had been made president in name. However, this situation probably wouldn't last and probably would be followed by something that was even more extreme. We had endless debates into the night about what to do. Martin or Goodwin would leave the room to make phone calls or send cable. That was one probably the first time I didn't leave the Department until well after midnight. We didn't work those hours in INR. However, it was very exciting, and I found that I was about the only person at that meeting who really knew much about Argentina. The couple career officers from ARA did not seem to say anything. Dick Goodwin, Ed Martin, and Walt Rostow didn't know anything about Argentine history.

Here were all of these people attending the meeting who were upset about the coup d'etat against a democratic president of Argentina, with whom we were advanced in developing a constructive relationship. Rostow and Goodwin said President Kennedy was upset

about this development, as were other people who had worldwide responsibilities. We discussed various aspects of the problem but finally recognized the inevitable. We issued a statement that contained a lot of words but didn't amount to much. Recognition was delayed only a day or two.

Great contortions followed in the White House about this Argentine coup. Arthur Schlesinger Jr., [a Special Assistant to President Kennedy], was in favor of setting up a study commission to determine...

Q: Arthur Schlesinger or was it Ted Sorenson?

BUSHNELL: Not Sorenson. It was the professor from Harvard, Arthur Schlesinger, Jr., who was an historian. He was one of the principal advisers to the President.

Q: He was a Special Assistant to President Kennedy.

BUSHNELL: He decided to have a mission go to Buenos Aires and find out what had gone wrong. He had the idea that it was the IMF [International Monetary Fund], with US backing, which had gotten President Frondizi into economic problems that had been his undoing. He thought the IMF was responsible. In the first round of discussions, it was decided that Walt Rostow should be on this commission. Also on the commission were an economics professor from MIT [Massachusetts Institute of Technology], a very nice man, and a senior official from AID [Agency for International Development]. Rostow decided he could not go and placed me on the commission instead.

There was great controversy about my assignment in the State Department. I was still an FSO-8 [Foreign Service Officer, Class 8]. I was being sent on this high-level mission although I was assigned to INR [Bureau of Intelligence Research]. I was not permanently assigned to the Office of Policy Planning or in ARA [Bureau of American Republics Affairs], and nobody in ARA had been invited to go. I heard about the controversy, but it was not of my doing. I was asked to go on this mission, and I said: “Of course.”

Rostow had a cable drafted to indicate that I was going to Argentina to get comments on my resources/priorities paper and having me as the State member of the commission representing him would save travel funds. He asked me to spend longer in Buenos Aires than the other members to review my paper in detail with the embassy.

We had meetings in the White House with Arthur Schlesinger, Jr. I recall that he had a big office; I was surprised because office space in the White House is scarce, although he was in the east wing. From the beginning it was clear that I knew more about Argentina than the other two members of the commission who knew much more about economics in general. I thought that the IMF had been correct in favoring freer trade and a major reduction in the Argentine budget deficit. Frondizi's Economics Minister, Alvaro Alsogaray, was at least as dedicated to free markets as the IMF. However, although Frondizi and Alsogaray were moving in the right direction, the Argentine economy had so many structural problems they had made only a little progress, just enough to get many special interests in both business and labor mad at them but without getting the benefits of sustained economic growth. The Peronists made large gains in the March 1962 election, giving the special interests ammunition to convince the military to move, especially as Frondizi was trying to cut the military budget. Also Frondizi was trying to bring the left into his coalition, enabling the military to point to red flags. That was my first introduction to what I spent much of my career doing, in one way or another, defending market-oriented policies and the IMF. I was in Argentina for three weeks in May/June 1962.

Q: Who were the other members of this group and our ambassador at the time?

BUSHNELL: Everett Hagan, a professor from MIT [Massachusetts Institute of Technology] who was sort of Schlesinger's man, a Boston colleague, and Sidney Smuckler, a senior economist in AID. In Buenos Aires Ambassador, Robert McClintock, had previously been the Ambassador to Lebanon. He had met the invading American troops on the beaches with his dog, when I had been loading nuclear bombs on SAC planes.

This trip gave me a great opportunity to work on the policy planning paper which had been sent to the Embassy to get reaction and input. Talking directly with people helped me much more than any written comments could have. The Ambassador chaired a general meeting in which he praised the paper; most of the agency and section heads had some real reservations, but they presented them in a constructive way. I went before the other commission members to work on this paper. Once they arrived we met with a great many Argentine leaders; it was very interesting. We met with President Frondizi, several of his cabinet, and with a few Argentine militarnone of whom seemed to have a broad view of the Argentine political/economic situation. We talked to a lot of people not directly involved in the Frondizi government or the coup and got a lot of impressions, including many impressions from the American Embassy.

We went back to Washington, where I wrote most of the first draft of the commission report. The other members did extensive editing. We basically said the IMF was not responsible for this situation. The problem was that President Frondizi, who really didn't have a well-organized political party behind him, had, after the Peronists did so well in Congressional election, lost backing from the military (perhaps with industrial and union leaders urging the military to move against him). He turned out to be a one-man show. In this situation the country was deteriorating, but the military did not have the answers. It was the political factors which were decisive. The economic factors were not of great importance.

We explained our reasoning and conclusions to Arthur Schlesinger, Jr. and other White House officers in his big office. Schlesinger sort of nodded and said, “We all live and learn.” He thanked us for the paper. I was impressed some years later when I read his book, “A Thousand Days,” a history of the Kennedy administration a la Schlesinger, he attacked the IMF and its budget restraint policies in general. But he linked Frondizi's overthrow to his lost of military support and mentioned the IMF in Argentina only in passing. He did argue that the IMF/Frondizi/Alsogaray policies had reduced Argentine

national income 10 percent and real wages as much as 30 percent. In fact, as our report showed, most of this change was just a statistical effect of having a more market clearing exchange rate instead of direct controls on foreign exchange and the apparent reduction in GNP when unneeded government employees are released even as government services increase. At least he paid attention to the conclusion of the report even if some of the economic details were not absorbed.

Q: That's very unusual for a young, junior officer in an INR assignment to be appointed to such a high level commission.

BUSHNELL: That's right. I was lucky to be in the right place at the right time. If the coup d'etat had occurred in some other country, I wouldn't have gotten the opportunity to have all this experience with high-level policymakers.

Q: Any further comment on Walt Rostow? Could you give us your personal impression of his role in the Kennedy administration? Of course, before then, his role was much criticized for his book on the theory of the stages of economic growth. He was criticized for this book, which some people regarded as an oversimplified study. However, both Kennedy and Johnson were very much impressed with him.

BUSHNELL: Walt Rostow was one of the most articulate professors with whom I ever came in contact. He was able to take a very complex situation and, in two simple sentences, describe it extremely well. You can never describe a complex situation perfectly in two sentences, but Walt Rostow could really conceptualize, summarize, and get to the heart of the matter extremely well. I think his book on the stages of economic growth is very good; I drew on it significantly in doing my senior thesis at Yale. You can argue about the details, but as a general overview, accepting that not everything goes along the same path, it's not a bad broad structure.

Rostow helped to resolve the first policy crisis that I was involved in — the Argentine military taking over the country and arresting a freely elected president. This coup was

against our interests, and we did not intend to be passive bystanders. Most of us in State wanted to do whatever we could to show our disapproval and even hoped Frondizi could return to power. We wanted to encourage the Argentines to return to democracy as quickly as possible and to show the military in other countries that this was not a good way to go. We did not want such coups happening everywhere. Walt Rostow articulated this view so well that anyone agreed with him. Rostow was able to see this key precedent point and articulate it better than Dick Goodwin could, although Dick was more passionate about it. In fact the Argentine coup was followed by military take-overs in most South American countries, but no matter what we had done most of these coups would have occurred because they were largely driven by internal struggles between the traditional, usually land-owning, power group and the growing power of the urban middle-class..

Q: Rostow was a very early "hawk" on South Vietnam. Again, he was very influential because he had these two jobs we spoke of and worked under presidents who were much impressed with him.

BUSHNELL: That's right, and I think that he saw the situation in Vietnam in a way which was not 100 percent correct, but was much more than 50 percent correct. The long, historical tradition over many centuries was for the civilizations of China to push their way south as well as outward in other directions. Eventually, he thought North Vietnam would be dominated by or closely allied with China and would push through South Vietnam and then through Southeast Asia. Ultimately China would control all of that area. This Chinese spread had happened several times when China had a strong and united government. Unless something were done, this is what would have happened. However, Rostow did not seem to understand that Vietnamese nationalism was strong and the Vietcong cultivated Russian influence as much to keep Vietnam somewhat independent of China as to counter the French and then the United States.

Q: I personally was not impressed with that argument. In retrospect, I am still not impressed with it, but this is not the time to go into this. Do you have any further comment

on your personal observations on Walt Rostow and his contributions to American foreign policy at this time?

BUSHNELL: I thought he was on the right tack in trying to get the State Department to take a longer and broader view and to allocated more resources toward our long-term goals. If you don't know where you want to go, it's hard to get things to move in that direction. One needs to organize and prioritize to use one's influence, whatever it is, to achieve one's priority goals. From what I could see, from reading the reporting from Latin America, an awful lot of what our Embassies did was not directed toward any long-term cause or purpose. We had great reporting programs. INR [Bureau of Intelligence Research] had a major role in setting them up. I sat in INR and developed reporting requirements. However, this reporting wasn't placed in the overall context of what our policy was and how we were trying to achieve it. These INR reporting requirements were written largely from the perspective of someone who was writing a history. It seemed to me this was not the focus we should be urging our Embassies to adopt.

Walt Rostow articulated this point well. He thought we needed to know where we were going, how we thought we might get there, how we should be organized, and how our resources should be directed at attaining our goals. I thought this approach was precisely the right direction. What guidance the Department provided embassies was nebulous during the period I worked in Policy Planning. Maybe the reporting programs and ambassadors' discussions in Washington were good guidance, but it took a lot of on the spot organization and conceptualizing in the field to turn this guidance into a game plan to influence long-term outcomes in host countries. We'll come back to this point when I was at the other end of this process, because I saw it from both ends. We started in Policy Planning to approach our relations in a systematic way on a long term rather than a short term basis. Walt Rostow was trying to overcome the tendency to focus only on tomorrow or yesterday instead of where we wanted to be in five or ten years. He wasn't very successful at it. Maybe this was before this concept's time. Rostow was certainly a person who could absorb information fast, understand it, and cut to the heart of the

situation, seeing its broad implications. These are good qualities for a National Security Adviser.

Q: Have you seen this quality subsequently?

BUSHNELL: Perhaps Henry Kissinger is the greatest master in our time of understanding what moves all the parties in a situation and in developing several ways to advance toward what he believes is our national interest. Kissinger was extremely bright and able to cut to core issues. Yet despite his considerable input the great efforts of the NSC staff to write yearly reports summarizing our foreign policy turned out to be pretty pedestrian.

Q: Did you have a lesser impression of Ed Martin and Dick Goodwin, in terms of their strengths? BUSHNELL: At that point I thought Dick Goodwin was not particularly impressive, more passionate than articulate and reasoned. He was almost as young as I was. Later, I got to know him much better when he lived in my house in the Dominican Republic, and I found him quite an idea man.. I thought Ed Martin was very solid. However, he was new in his job in the spring of 1962 and also completely new to Latin America.

Q: Woodward came in as Assistant Secretary at some time earlier in 1961. He was only in that position for a few months. Do you have any idea as to why he was replaced so soon? The story is that Dick Goodwin "scuttled him," but I don't know whether that is true.

BUSHNELL: I have no idea why personnel changes were made in the Kennedy Administration.

Q: Ed Martin had been Assistant Secretary for Economic Affairs and then shifted over to ARA. I've always felt that Ed Martin was a very solid citizen.

BUSHNELL: Yes. The Frondizi coup was my first experience with him, but I've since worked with him several times over the years. He was Ambassador to Argentina. He was

Chairman of the DAC [the development aid offshoot of the OECD] for several years; did a great job. However, he has been relatively invisible all of his career. My impression is that he was always on the economic side, where he seemed to be more comfortable than on the political. On the issue of how we could show our disapproval of the military coup in Argentina there was no economic aspect. My impression was that Martin was too much influenced by the State Department lawyers who said we had to recognize the new government because it controlled the territory. Dick Goodwin took a completely opposite view. He felt that ARA [Bureau of American Republic Affairs] should be more concerned about avoiding a precedent for the rest of Latin America. However, I didn't attend every meeting, and from where I stood, it was hard to have a full picture of everyone's views.

Q: You met your wife at some time toward the end of this INR/SP period.

BUSHNELL: I was in INR at the time. I had a close friend from Yale University who, with some colleagues at Arthur Anderson in New York, had rented a summer house on the New Jersey shore. He invited me to take a few days off and come up to New Jersey. He asked the young woman that he was dating at the time to find a fourth for bridge. Ann Morel, who subsequently became my wife, was the fourth for bridge.

Q: How long before you were married?

BUSHNELL: We met in the summer of 1961. We were married in September of 1962. Then we were assigned to the Embassy in Bogota, [Colombia], arriving about Thanksgiving [November, 1962].

Q: Incidentally, I understand that the American Foreign Service Oral History program has interviewed your wife, Ann Morel. I asked if I could look at the transcript of that interview. They said: “Fine, as soon as she signs off on it.”

BUSHNELL: We've been in Costa Rica for the last 10 days, and I don't think she has started to review the transcript as yet.

Q: I assume that neither of you will object to my taking a look at the transcript. This might have some details about your experiences.

BUSHNELL: Fine. No one had a more negative introduction to the Foreign Service than Ann. Normally, my tour in INR would have been about two years slightly before I was assigned overseas, but it was extended because I was assigned to work for Walt Rostow. This assignment to Rostow was due to be concluded in the fall of 1962. Meanwhile, I had filled out the normal “wish list” regarding future assignments The Department subsequently told me that I was being assigned to.

Q: So what was the first assignment you asked for?

BUSHNELL: I put down Australia as my first wish together with several Latin American posts.

Q: I thought that you had “been there and done that.”

BUSHNELL: Maybe Australia was my second choice. I thought Australia was a place where I had experience. I knew something about it, and I knew lot's of people there. I put down Latin American posts in second place. I can't remember what posts were high on the list, but Buenos Aires was not. Two and a half years working on Argentina was enough for awhile.

During the spring of 1962 I was assigned as the junior officer at the two-man Consulate in Perth [Western Australia]. I thought this was one of the few times the State Department really had acted smart. I already knew the editor of the leading newspaper in Perth; I had been to Perth twice in my life. How many other junior Foreign Service Officers had that background?

Q: And you had a girl friend there.

BUSHNELL: I was assigned to the American Consulate in Perth and was due to go there before the end of 1962 when I proposed to Ann Morel and she accepted, expecting to go to Perth. People in ARA [Bureau of American Republic Affairs] then intervened. I think, as much as anybody, it was Ed Martin [Assistant Secretary of ARA], as well as others in ARA who had the idea that they needed better economic analysis to get the Alliance for Progress [program proposed by President Kennedy] to work. One of the key places where they wanted to accelerate this program was Colombia. The Department decided to switch my assignment from the Consulate in Perth to the Embassy in Bogota. I was not given a choice; I was just told in a nice way. I had to tell Ann that, instead of going to the beautiful beaches of Perth, we were going to the violence and altitude of Bogota.

Q: How long before you left for Bogota did you know about the change in your assignment? Was it a couple of weeks?

BUSHNELL: No, we knew about this change well before we were married in September, 1962. I proposed to her in June, 1962. We heard about the change in my assignment in July, 1962. By the time we were married, the assignment had formally been changed.

Q: What did you think of the change?

BUSHNELL: I had mixed feelings. I didn't think Bogota was as nice a place to take a bride as Perth. On the other hand, the job at the Embassy in Bogota was much more interesting than the one at the Consulate in Perth would have been. Ann didn't know too much about either Bogota or Perth. Bogota was a little bit nearer the U.S. and had some other advantages.

Q: Did you do anything special to prepare for your assignment to Bogota?

BUSHNELL: I did little to prepare for Bogota because I was assigned to complete the remaining portions of this paper for Walt Rostow on Argentina Meanwhile, there were lots

of questions about Cuba, because we went through the Cuban Missile Crisis [September to October, 1962].

Q: And the level of your Spanish was...

BUSHNELL: I achieved the level of S-3, R-3 [Speaking - Useful; Reading - Useful] when I completed my 16 weeks of language study in 1960. The only time I used my Spanish on a regular basis was when I went to Argentina. I didn't go back to studying Spanish, but I took the Consular Course at FSI [Foreign Service Institute]. All junior officers assigned overseas had to take the Consular Course, which lasted four weeks. During the Consular Course one learned how to issue visas. I learned the visa law, although I guess I am one of the few Foreign Service Officers who has never actually issued a visa.

Q: Did you think that you were going to be a Consular Officer?

BUSHNELL: No, I knew and the Department knew I wasn't going to be a Consular Officer. I was assigned to the Economic Section at the Embassy in Bogota. However, the rule was that any FSO assigned overseas on a first or second tour had to take this Consular Course. Most junior FSOs newly assigned overseas actually had to spend much of their time in the Consular Section.

Q: Colombia is an awfully interesting country, and particularly at that time, which was quite a fascinating period.

BUSHNELL: It was very interesting. Of course, as it turned out...

Q: Let me interrupt you for a moment. As I read up on your career, I found that the period before 1949 in Colombia was particularly interesting. In 1948 Jorge Gaitan [Colombian Presidential candidate of the Liberal Party] was assassinated. The assassination led to the "Bogotazo," a riot which covered several days and took place in Bogota in November, 1948, during the founding session of the OAS [Organization of American States]. This led

to a 10-year period of insecurity, dictators, and ultimately a settlement which provided for 16 years of alternating Liberal and Conservative presidential administrations in Colombia. Colombia was becoming more or less stabilized by the time you arrived in Bogota.

BUSHNELL: Colombia had been and still is one of the most violent countries in the world. That problem has never been resolved.

Q: There was still quite a bit of trouble in Colombia, especially in the rural areas but also in the urban areas, by the time you arrived there.

BUSHNELL: When we were there, yes. There were no Rebel armies running around in the rural areas, but there was still considerable violence. There was less organized resistance to the government than there is now when we were in Colombia [1962-1964]. The main threat or concern then was Leftist urban guerrillas. These urban guerrillas would bomb cars and buildings. However, this kind of activity was not a major problem. Kidnaping people for money was common in rural areas, but it was not a major political issue. By the standards of other countries Colombia was not particularly calm, but it was calm by Colombian standards while we were there. The interesting thing for me was my work in the Economic Section. Colombia, together with Brazil, was where we tried to reorient our assistance programs under the Alliance for Progress to focus on national economic policies instead of just on particular development projects.

Until 1963 the Alliance for Progress had made large loans to finance such projects as land reform, schools, and low cost housing. What I had argued with Walt Rostow and with Assistant Secretary of ARA, Ed Martin, was that one could build the nicest possible deck chair for the SS TITANIC but the chair will still go down with the ship. Thus you can build good school buildings, but, if the government does not establish and enforce a tax system to pay for teachers, supplies, and upkeep, the buildings will not accomplish their development purpose. The problem facing the Alliance for Progress was that many, if not most, Latin American countries had a set of economic policies that not only were not

directed to economic development but that positively worked against it. We could build a certain amount of low cost housing, and we could improve sewage systems. However, unless these countries cut back on corruption and organized their own monetary and fiscal policies to raise money to support these programs and to expand them, all we were doing was carrying out some nice, exemplary projects. Such projects might be nice for a few people but didn't really change the economic structure in a permanent way.

That is why we decided to make what we called program loans, in which the justification for the loan was balance of payments support to allow the country to import goods and not have so much inflation while the country improved a wide range of domestic policies. We particularly encouraged changes in monetary and fiscal policies to move toward being able to support the kind of social and economic investment in the public sector that was essential while creating an appropriate atmosphere for the private sector.

My responsibility was to try to define the balance of payments and fiscal situations in Colombia. I worked with technicians and policymakers in various parts of the Colombian government to help them come up with the policy changes that we could support with the Alliance program loans.

Q: Let's go back to define the context here. Fulton Freeman was Ambassador to Colombia when you arrived?

BUSHNELL: Yes, he was much respected in the Foreign Service. I think he was an outstanding, active Ambassador who had extremely good contacts. He supported this program which we were developing although I had the feeling he did not fully understand its concept. He was not an economist. He embraced this concept as a way of building good relations with Colombia.

Q: Do you share the consensus that he was outstanding?

BUSHNELL: Oh, yes. He played a musical instrument. He had wonderful parties during which he entertained the principal figures in Colombian society. He knew many people. He was very good at setting the tone and image that he wanted to project to the public. Henry Dearborn was the DCM [Deputy Chief of Mission].

Q: Was Ambassador Freeman in Colombia when you arrived, or did all of you arrive at about the same time?

BUSHNELL: Freeman was there for a considerable period before I arrived. I left around the time that Ambassador Freeman left. I had to go back to Colombia a few months after I had left, and. Ambassador Covey Oliver was there by then.

Q: You didn't really have that much of a picture of Ambassador Oliver.

BUSHNELL: Not really. I was back for a week during the time that Oliver was Ambassador.

Q: Henry Dearborn was DCM all through that period.

BUSHNELL: Yes. He also seemed to have a good grasp of the situation. I think that, in his own, quiet way, Henry Dearborn kept the Embassy on track and moving forward, without interposing himself as much as most DCM's do. He was an ideal DCM.

Q: Did you work closely with Dearborn at times?

BUSHNELL: I didn't work closely with Henry Dearborn, no. We had a large and complex organization in the Embassy in Bogota at the time. This was a time when ARA [Bureau of American Republic Affairs] was integrated with AID [Agency for International Development]. AID and ARA were together.

Q: Sam Eaton was...

BUSHNELL: Sam Eaton was the Deputy AID Director and also the head of the Economic Section.

Q: Pete Vaky was the Political Counselor. So you got to know him then? I gather that you knew him later on as well.

BUSHNELL: Yes.

Q: What did you think of Pete Vaky?

BUSHNELL: Pete is one of the best Political Officers we had in Latin America, in my time anyway. He was a good analyst, very perceptive, able not only to establish but also to use contacts. A lot of people can wine and dine and get to know people but don't really know how to make use of their contacts. He was very good at using his contacts. Chuck Fossum was the AID Director.

Q: Who was your boss? Did you say that Eaton was Deputy AID Director but also chief of the Economic Section of the Embassy?

BUSHNELL: At first Sam Eaton was just the chief of the Economic Section. Later...

Q: By the time you arrived?

BUSHNELL: By the time I arrived, he was also the Deputy AID Director and spent most of his time on AID matters. Gordon Daniels [as acting head] ran the Economic Section on a day to day basis. I was assigned to the Economic Section of the Embassy. I did the monetary and fiscal reporting for the Economic Section. Then I also worked with the AID Mission, with Sam Eaton and with others in AID on the program lending with this new orientation. I had one foot in the Economic Section to do reports to Washington and one foot in the AID Mission to work on policy changes and negotiate Alliance loans. Gordon

Daniels wrote my performance report, and Sam Eaton reviewed it including more on the AID work in the review.

Q: In fact you had two jobs.

BUSHNELL: That's right. In some ways it was tricky because, in theory, the economic reporting of the Embassy was supposed to be completely factual and impartial and not necessarily be supportive of what the AID Mission was doing. However, in fact the reports I was writing for the Economic Section provided the justification for the big expansion of the AID program.

Q: There was a huge AID operation in Colombia at the time.

BUSHNELL: Yes, the AID operation was very large.

Q: In fact, in monetary terms the AID input in Colombia provided about one-third of the Colombian import bill.

BUSHNELL: That's right. As a loan officer in AID, I worked on about $240 million in loans during the somewhat less than two years I was in Colombia.

Q: How many people were in the Economic Section at that time?

BUSHNELL: We had a big Economic Section, compared with what we have now in Colombia and similar countries. In addition to Eaton and Daniels there were two a middle-grade officers, Charles Kotum and Margaret McCoy, and two junior officers plus two American secretaries. There were another three American officers in the Commercial Section.

Q: Was there a Commercial Attach# when you were there?

BUSHNELL: Yes, George Ellsworth for most of the time I was there. We had a big operation. I wasn't involved in many of the things that the Economic Section was doing in trade promotion, communications, transportation, and all of that side of it. I was fully engaged in keeping up with the economic issues I was following.

Q: Were you involved in fiscal and balance of payments matters? Can you say a few words about Sam Eaton, the Economic Counselor and Deputy AID Director? That was an extraordinary job that he had.

BUSHNELL: Of course, in the Department of State at that time, the process of integration was advanced in ARA [Bureau of American Republic Affairs]. I didn't realize then that most Embassies overseas had not really integrated their Economic Sections and AID Missions. There were many problems within the AID Mission in Colombia which I tried to avoid. Most of the people in the AID Mission were involved in major projects such as building houses and constructing sewage projects, as well as many technical assistance projects. They were not exactly happy that we were now going to direct large amounts of money in another way, not building things or paying for American experts. There were tensions in relations with those in the AID Mission who wished to continue with the traditional technical assistance focus.

I think there was also resentment in the AID Mission that Sam Eston and I, who came from outside AID, were taking over so much of the program at least as measured in dollars. AID Washington wasn't able to provide AID economists to do the program loan work They hired some people from universities who came, not knowing how to speak Spanish or the culture. They had trouble making useful contacts in Colombia. The AID Mission was never really able to staff itself to do the job which Washington was asking it to do and which needed to be done.

Q: Was the AID Mission active in the fields of education, public health, agriculture, and housing? BUSHNELL: Yes, in all those fields and also in the fields of industrial development, public safety, tax administration, and others.

Q: Those areas include activities which AID ought to be involved in.

BUSHNELL: The AID Mission was also involved in trying to start up free trade areas to help the Colombian Government attract foreign industries.

Q: Complicating this, as you have said, was that this was the period when the Alliance for Progress was getting under way. Colombia was reportedly one of the Alliance's success stories.

BUSHNELL: We did persuade the Colombians to change their policies in major ways during the early 1960s. I think the directions of these changes were right. However, I don't think it was possible to institutionalize much of what we got the Colombians to do. It is one thing to change policies. It's another thing to make these policies really work over a long period of time. We didn't realize how rotten Colombia was in terms of the institutions to sustain these needed changes. Thus the long-term effect was much less than what we thought we were going to get. On a hemisphere-wide basis a tremendous bureaucratic structure was set up under Nine Wise Men to supervise this process of improving economic policies and institutions. These men included senior economists from various countries of Latin America. We tried to get Latin Americans involved in pressing for changes in economic policy. We made progress, but we made hardly a dent in the legacy power of public sector institutions in most countries.

Q: Can you define “progress” in this context?

BUSHNELL: Many macroeconomic policies were changed for the better. The Colombians adopted more realistic exchange rates, made some progress in reducing tariff and non-tariff barriers to trade, and established a truly independent Central Bank. There was a

lot of improvement in the tax structure and in tax collections. Those were among the accomplishments.

Q: You mentioned improvements in the tax structure and tax collections. Did this include establishing a basis of equity so that the tax structure was progressive or not regressive?

BUSHNELL: We were able to bring down a whole team of IRS [US Internal Revenue Service] people. Unfortunately, they had a cultural gap in dealing with Colombians. I worked with them quite a bit. Finally they came up with some ideas which were simple and productive. For example, they suggested simply going through the Bogota phone book and noting the names of all the medical doctors and then determining whether they had filed income tax returns. The Colombians found that less than a quarter of the doctors had filed income tax returns. Then the Colombian tax department called all of the doctors who hadn't filed income tax returns. It was surprising how many doctors they found who had sort of forgotten to file income tax returns. Of course such efforts to enforce the income tax make the tax system more progressive.

The Colombian Government did a number of programs like this and actually started collecting a lot of income tax. The Colombian tax structure, as it stood on the books, was theoretically a progressive structure. Taxes just weren't really being paid. Data and analysis on income tax collections was not even available until our program began to bring about changes. They set up a system under which, if a Colombian left the country, he had to produce either his last year's income tax return or evidence that he had paid through the last quarter in order to get through the airport. We helped the Colombian Government to apply the provisions of the tax law on the books. I don't recall that many laws had to be changed. It was a matter of applying the law, both to make it fair and to make it work.

Many Colombian Government officials were hopelessly corrupt. Others were lazy and simply put in their time but made no real effort to provide services to their public. Government salaries were so low that most professional government employees had

to hold second and even third jobs to support their families. In a few institutions such as the land reform institute we got a higher salary scale for professionals which was accompanied by requirements to really work a 40 hour week. However, in subsequent years I heard the budget of the land reform institute was greatly curtailed, and what good employees stayed had no transportation or materials to work with.

Many of these problems were duplicated throughout Latin America, as well as elsewhere. What I didn't realize, and I think that none of us realized, was how entrenched the controlling oligarchy was in Colombia. We got some of the wealthier people to pay somewhat higher taxes than they had been paying, but the changes really didn't affect the power of the oligarchy. Colombia had an almost Japanese inter-related power system. The people who controlled the banks and the textile industry, for example, had so many tentacles throughout the economy that it was hard to reduce their power. It was publicly known that most of the benefits of the Colombian economy went to relatively few families. However, in a relatively short period I saw significant progress. I arrived in Colombia in November, 1962, and left in July of 1964, a little less than two years.

Q: I have the impression that there was no extensive narcotics problem in Colombia during those years.

BUSHNELL: That came later. However, the government had virtually no presence or control in vast rural areas; this lack of control allowed the cocaine industry to grow rapidly later.

Q: How about the activities of USIS [United States Information Service] in Bogota? Do you have any particular impressions of it? I understand that USIS worked closely with people involved in the Alliance for Progress. They were involved in publicizing the objectives of the Alliance.

BUSHNELL: Yes, USIS did that.

Q: The PAO [Public Affairs Officer] was named Newman.

BUSHNELL: I recall Keith Adamson as head of USIS. I didn't have much contact with USIS, except with a cultural center officer named Paul Brocchini, who was at the of the Binational Center in Bogota. He lived across the hall from us. This was a typical Binational Center operation. It mainly taught English. I don't have any particular insight into USIS operations. Public relations responsibilities of AID were set out by law. Congress had written into law numerous provisions to require giving AID credit for what it was doing; thus everything purchased by AID with appropriated funds from the U.S. had to have the well-known AID logo with the clasped hands on it. There had to be signs at the various projects that this activity was financed by AID. I must admit my own view was that some of these requirements were probably counterproductive. After all, no Colombians could voter in the U.S. It probably was not a good idea to make people think the US Government was responsible for their getting a house, rather than their own Government. One could argue whether the requirement for those signs advanced any US interest. Congress thought the American public wanted recognition for the help their taxes provided. However, in the long-run US interests were really advanced by strengthening a democratic government that was interested in improving the welfare of all its people.

To cite one example, we all know where we were when President Kennedy was assassinated [in 1963]. I had been sick. I had some kind of infection, meningitis or something like that. I didn't know what it was, but once I got over the infection, I was very weak. I had gone down from Bogota to a lower altitude to recover for a few days to a rural cabin near Melgar with my wife and our baby. This place is about a mile lower than Bogota in altitude.

Q: Your first child was born in Bogota?

BUSHNELL: Yes. Of course, we had diplomatic license plates. A workman on a bicycle came by and told our maid, whom we had brought from Bogota; she told us, of course,

in Spanish: “The President has been shot!” At first I thought she was talking about the President of Colombia. For some time I was trying to figure out what had happened. She said: “No, I mean your President, President Kennedy.” She seemed to have a feeling of great loss. You might have thought that Kennedy was the President of Colombia to judge from her attitude. The next day we drove up to Bogota. All along the road black flags were displayed as a sign of mourning for Kennedy. There were other demonstrations of sympathy.

Q: Hadn't President and Mrs. Kennedy made a trip to Colombia while you were there?

BUSHNELL: No, they had visited Colombia before we arrived there.

Q: I think that the death of the Kennedy baby made quite an impression and this may have been one reason why there was such a reaction to this tragedy.

BUSHNELL: There had been a big change in the attitude of the Colombian public toward the United States, perhaps especially toward President Kennedy because he had visited. Colombians saw Kennedy as a leader who cared about the poor Colombians and did things to help them. They thought he cared much more about them than their own politicians did. The U.S. was giving a lot of money to Colombia, really for the first time. All of these AID signs were convincing people who received this aid that it was the President of the United States who had taken care of them, rather than their own President. The fact is the Colombian Government was also doing a lot for the Colombian people. Also they had heard President Kennedy speak during his visit and at other times about changing priorities to favor the poor and the workers. They believed him although, often for good reason, they did not believe their own politicians when they said the same thing.

The reaction to Kennedy's death was remarkable. We opened a condolences book at the Residence for people to sign. I don't remember if we had a book at the Embassy Chancery also. It would have been hard for many people to get to the chancery which was on upper floors of a bank building. I had to go to the Residence for some reason. There

was a line blocks and blocks long of people waiting to sign the book and so express their condolences. The outpouring of sympathy was quite remarkable, indicating the feeling the Colombian people had for President Kennedy.

Q: Were there any other, major events in Colombia during the time that you were there which stand out in your memory? Were there visitors from outside of Colombia?

BUSHNELL: We had a virtually endless stream of visitors to Colombia, particularly senior people from the State Department and AID because of the emphasis we were placing on Colombia.

Q: The Peace Corps had come to Colombia a few months before you arrived there. I think that the first Peace Corps volunteers were assigned to Colombia in September, 1961. I recall that it was a pretty large contingent of more than 1,000 people. They were working in villages, building schools, and so forth. What was your recollection of the Peace Corps?

BUSHNELL: I was very favorably impressed by the dedicated young men and women in the Peace Corps. The Peace Corps had a great program in Colombia. I was one of the most junior officers in the Embassy when I arrived. As each group of Peace Corps volunteers arrived in Colombia, I would go to their orientation session and talk about the economic problems of the country and answer their questions. From time to time the Peace Corps would also bring into Bogota volunteers assigned to Colombia and have a retraining or motivational session. I don't remember the details, but I spent quite a bit of time talking with the Peace Corps volunteers. They really educated me on how difficult it was to bring about changes which would affect the overwhelming majority of the Colombian people. The volunteers were out there in the countryside, and they could see that just by doing things a little bit differently they could make a world of difference.

However, there were big obstacles to progress. To get anything done within the Colombian Government, there had to be a piece of paper or permit, written down and approved by the authorities. The volunteers often said that Colombia was a disaster because of the delays

involved in obtaining a piece of paper from Bogota approving a given course of action. I said to these volunteers: “Can't you just go ahead and do something?” They said: “No, the work won't be approved, unless you get a piece of paper authorizing the work to be done.” I would say: “You mean that you can't fix a pothole in a road unless you get a piece of paper authorizing four or five guys to take shovels to go out and fix the road?” They replied that workers would not be paid without an authorization and the workers might even be punished for touching the road without authorization. The same thing applied to getting the sewage system to work. Or to digging a decent well. The local people would say: “You can't get anything done without a piece of paper from Bogota.” This experience educated me about the difficulty with the centralized system which the Colombians had, which went back to the old Spanish system. Everything had to be directed from above and in tremendous detail.

We worked on this problem with the Colombian leadership, and we were able to encourage more authority being delegated to the local level. The mayors or the “alcaldes” of the local villages were used to this centralized system. They really didn't want to do anything, so this system gave them an excuse to do as little as possible. Finally we managed to get the central government to tell them that, if they wanted to do something, they should do it on their own. They still didn't do much because they were accustomed to depending on the authorization from higher authorities. It was very hard to bring about change, but the Peace Corps and the Peace Corps approach did a lot to promote change. It did a lot to change people's attitude toward the United States. Despite the fact that Colombia is a very violent society, I don't recall that we had any serious incidents with the Peace Corps volunteers. There were one or two incidents where Peace Corps volunteers were kidnapped, but they were soon released. Even though the Peace Corps volunteers were out in difficult areas, they had no great problems.

Q: What about the CIA [Central Intelligence Agency]?

BUSHNELL: First, let me tell one frustrating story about me and the Peace Corps. Halfway through my tour of duty in Bogota, a telegram or airgram came from the Department of State asking for Foreign Service Officers to volunteer to be Deputy Country Directors or Country Directors of the Peace Corps. The challenges of such assignments seemed to be many, and I thought it would be great to work for a few years with the Peace Corp and my Colombia experience would equip me for such an assignment. I volunteered in January 1964. At the end of March I got back an official informal letter from Mr. O. A. Bartley of career management and assignments which stated, “ We regret that your previous assignment in the Department as an Intelligence and Research Specialist precludes an assignment to the Peace Corps. Although intelligence in your case actually means research, the fact that the title of your position in INR is listed in the Biographic Register, and is thus public knowledge, might embarrass the Peace Corps in view of the propaganda charges that the Corps is actually an intelligence organization.” I still have the letter. Apparently, Sargent Shriver [then Director of the Peace Corps] was opposed to having Foreign Service Officers with previous assignments in INR assigned to the Peace Corps. I was disappointed at the time, but I probably would not have had such an interesting career if I had diverted from economic work so early.

Q: I think that you were probably lucky that you were turned down. I worked closely with the Peace Corps in 1961, and it was chaos. They had a lot of lawyers assigned to the Peace Corps.

BUSHNELL: The Peace Corps appeared to me to be well organized in Colombia. However, the Peace Corps was not an efficient development organization. Indeed, in my view the Peace Corps was the opposite extreme of efficiency, considering the way it worked in Colombia. When a Peace Corps volunteer went out to some place in Colombia, he wasn't going to get a piece of paper from Bogota, or guidance of any kind. He was on his own. If he or she required direction, nothing happened. However, a majority of the Peace Corps volunteers went out and looked for things to do and tried to get them

done without being told what to do or how to do it. At that time, the Peace Corp felt that Colombia didn't need specialists, particularly for volunteers who went into an agricultural setting. Many volunteers had never been on a farm in their whole lives. They didn't know how to raise chickens or anything else. If they needed help in raising chickens, they had to get a publication from somewhere and read what they were supposed to do.

Nevertheless, the Peace Corp worked surprisingly well in a great many cases. What I learned is that in many such situations the local people actually know how to do things better on their own. It was a problem of their own internal organization. Sometimes, when outsiders came in, it brought out the best in them. They could be a lot better than what they had previously been, even though that outsider, except as a catalyst, had very little to contribute.

On the whole, this assignment to Bogota was an exciting time for me. It was not only my first, foreign assignment, but also we were engaged in this new policy-directed program. I attended meetings with the President of the country a couple of times. I met with the Finance Minister regularly, and I was in the Central Bank two or three times a week. We implemented many millions of assistance and helped change many policies.

Q: It would be my guess that you people were essentially operating a “shuttle service” between Bogota and Washington. That would be a very close control of what you were doing.

BUSHNELL: Yes. We had frequent visitors, and I went to Washington a couple of times. However, we were breaking new ground, and Washington was very eager for our input in terms of both economic analysis and suggestions for loan structure and even amounts. Of course, our program lending and the lending programs of the World Bank and the IMF [International Monetary Fund] were all closely related. Much of this coordination we did in Bogota. The World Bank had a Resident Representative, an American named Kerr, and he had a deputy, an Englishman named Ray Frost. I saw Frost much more often than

anybody else in the Embassy. I was often in touch with Walter Robichek and other people who came to Colombia from the IMF, despite my periodic fights with them over policy.

One of the things we tried to do was to operate off the same data base. We would get agreement on the basic data on the balance of payments and monetary and fiscal measures which we worked out among the Colombians, the IMF, the World Bank, and ourselves. Generally, Ray Frost, Walter Robichek, another officer from the IMF, and I would struggle with the Central Bank staff to reconcile our numbers. If there were differences regarding the data, we would try to do more research to work the problems out. We were very successful with this coordination. Don Palmer, who headed the joint State/AID economic policy office in Washington, told me the closeness of our field coordination far surpassed that in any other Latin American country. I received several phone calls and letters from colleagues in Brazil who were trying to do the same thing and had questions about how we coordinated. The World Bank was introducing its version of program lending [loans related to economic policies instead of to specific projects] at the same time, and we all felt we were breaking important new ground. Of course, IMF programs had long been based on economic policy changes.

There was a tremendous amount of money at stake for the Colombians. This made a big difference in their ability to change policies even when special interests were disadvantaged.Of course, the large dollar amounts greatly facilitated my access to all levels of the Colombian government.

Q: Could you say what the CIA involvement in your programs was? I would suppose that there was a fairly large CIA group in Colombia.

BUSHNELL: I didn't really have much contact with people in the CIA Station in the Embassy.

Q: I would say that, as I read through the transcripts of these interviews, we know most of the CIA people in our Embassies. We exchange dinner invitations with them, and that

sort of thing. However, by and large, most Foreign Service Officers don't know much about what the CIA people are doing. That is, except in some, conspicuous cases. Charles Stuart Kennedy himself [Director of the Foreign Service Oral History Program] was in Greece at the time that the "Greek Army Colonels" controlled the Greek Government. He was terribly concerned about what he saw there in terms of CIA activity.

BUSHNELL: I really had no feel for CIA's role, if any, in Colombia. The CIA people didn't do anything on economic issues. I recall one time CIA/Washington sent out a report with Colombian economic data, and I sent back a comment that the figures were a couple of months' old and not accurate in several ways. There was no need for CIA to be involved in economic affairs. I saw the basic data on the economy at the Central Bank and in the Colombian Ministry of Finance. The Colombians weren't trying to hide anything from us. The data they had was often of poor quality. They didn't know how to go about collecting data in many areas and were not computerized.. We often had to make estimates. There were lots of real problems, but they weren't problems where the Colombians were trying to hide information from us.

I didn't have much contact with the CIA people. There was one officer who lived up the hill from me, and I could often get a ride home with him. I found it somewhat annoying that he had a government-supplied car, which, of course, I didn't have, and he was not number one or two in the CIA office. Most of the time I took the bus back and forth to work. Colombian buses at rush hours were more like cattle-cars. Sometimes I could not even find a place to hang on with both hands while leaning out the side, and my rule of caution, unlike most Colombian males, was not to hang on with just one hand as the bus lurched frequently and other hangers banged against you. We had a car, but I left it for my wife to come to the Embassy for her daily Spanish lesson and other errands.

Q: They also had attractive housing, too.

BUSHNELL: Yes, they may have had more attractive housing than we had, although we had quite decent housing too. One of the pluses of being a junior officer in a large Economic Section, and I probably was the most junior person in AID [Agency for International Development] as well, was that I didn't have to go to most of the coordination and Country Team meetings. In fact, I went to few meetings in Bogota beyond those concerning what I was directly working on. Although I was invited to attend the Country Team meeting, which was held once a week, most of the time I didn't attend because I had something else to do. I was always pressed between my contacts with the Colombians and getting reporting and loan papers prepared, cleared and off to Washington.

Q: Did Sam Eaton attend most of those meetings?

BUSHNELL: I think he did. He would attend the Ambassador's senior staff meetings the first thing most mornings, which most Ambassadors have. However, I didn't attend meetings like these; based on my experience in later assignments, I now realize what a great time saver it was that I did not have to be involved in the intra-embassy coordination.

Q: John, you mentioned the political "turbulence" which was going on when you arrived in Bogota. I am referring to the communist activity in the countryside. To what degree do you think that kind of "guerrilla" or "insurrectionary" activity, or whatever it was, really was orchestrated by Moscow? In a society like that of Colombia, with a "two class" society, the very poor and the very rich, were the poor people very susceptible to various kinds of communist activity?

BUSHNELL: My experience in Colombia and later was that there wasn't much communist activity among the poor. The very poor are among the most conservative people in the world. Occasionally, especially if they can get into positions with considerable power, the communists use the poor if they can. However, the Marxists, who had some connection with Havana or Moscow, tend to be frustrated, middle-class people. These are people who have had a significant amount of education and feel dissatisfied with the situation as it is,

especially their lack of economic and/or political opportunities. Because they hear some professor speak or read something or are just looking for an alternative, they may seize on Marxism. For a long time, there was just the capitalist system and the Marxist system. It was one or the other. There wasn't anything else around.

Q: Do you think that there were many Marxists in Colombia at the time you were there?

BUSHNELL: In the places I have served in Latin America, I felt that there was too much reference to the communists. Let me put it this way. I think at the time I was in Colombia in the early 1960s, if you took the students at the universities - many of whom were in their late 20s or 30s, because students attended universities on a part time basis - and they had to say whether they were Marxists or capitalists, one or the other, much more than half would say that they were Marxists. If you asked them a different question, such as: “Would you rather Colombia be more like Russia or the United States?” they would say, overwhelmingly: “Like the United States.” But they feel that there are things wrong in the United States. Of course they feel there are even more things wrong in Russia.

Q: If you asked them whether they believed in democracy or in a regimented system where you have an overall, planned society which tries to control all aspects of activity, I think that the answer would be different. I think that we use too many “loaded questions.”

BUSHNELL: People that I would put into the Marxist category, or who would put themselves into that category, would not be supporters of free and open democracy, as we would define the term. That doesn't mean necessarily that they would support a society run by an elite that calls itself Marxist. However, they would argue that the poor people in the countryside needed to be led and guided when they go to the ballot box. Probably, they would argue in terms of economic distinctions, because that is where most of the injustices were, rather than on the political side. Then, among these people with a vaguely Marxist orientation, you might find a number who are willing to go beyond a sort of intellectual belief in Marxism and a lot of argumentation over the dinner table. They

might be prepared to go as far as setting off bombs. However, there would only be a small number of those people.

Q: They might be the more dangerous.

BUSHNELL: Yes, because of what they are prepared to do. However,...

Q: Wouldn't these people be more or less clearly identified with Moscow or Havana, or would they just be “crazies” of one kind or another?

BUSHNELL: If we are talking about Colombia, I don't really know much about people like this. This is not an area that I worked on, so I wouldn't be prepared to say.

Q: I am speaking not only of Colombia, where you served. We'll get into this a lot more later on. However, when we speak about the so-called “radicals” throughout Latin America and elsewhere in the world, during the Cold War period, I've always felt that since we endowed the whole CIA apparatus with such lavish numbers of people and resources, whose job was to find the communists, that helped to create a distorted perception of what this was all about.

BUSHNELL: There were always elements of McCarthyism in our government, but it is not possible to put people into such simple categories as communist or communist sympathizer. There are a lot of people who are idealist Marxists, especially during their university years before they have much practical experience. Many professors in Latin America were greatly influenced by Marxism, including many who had little use for the way it was distorted in Russia or even Cuba.. Often these idealistic young were manipulated by people who were pretty much out for themselves and who used whatever propaganda or foreign example helped them gain power. The place where I had the most experience was Argentina. There were Argentines who were terribly violent. Of course the Argentine military saw the people they were fighting as communists, and there were indeed some communists among these people. No question about that. But many were idealistic young

who were in effect being used as cannon fodder by the so-called leftist leaders who were as interested in raising money by kidnapping and extortion as in real political change.

Q: We'll go further into that later on. How about the US military attach#s in Bogota? Did the Army, Navy, and Air Force have their attach#s? First, you might just tell me what kind of people we had available there.

BUSHNELL: We had attach#s from all three services and also substantial military assistance missions for each service, but I didn't have much to do with them.

Q: I know that there are some complaints that our military attach#s, especially in Latin America, tended to be officers who were practically ready for retirement. Few of them were really struggling to make a name for themselves. However, they also fed into this practice of working closely with local, military governments. Because of their reports, they helped to create pressure on Washington to support the creation of a strong, local military and police presence there.

BUSHNELL: This is an issue that I have thought a lot about and worked on later in my career.. We can discuss other assignments where this has been a contentious issue. At the time I was in Bogota, I had too little experience with military and intelligence to comment usefully. I can remember thinking, because occasionally bombs went off in front of Embassy houses, particularly the military officers, that we were better off not going to parties and social events given by our military people. If someone was going to throw a bomb, the target would probably be one of our military people. I can't remember the name of any US military person who was in Bogota when I was there. Of course, we went to some of the parties given by our military. I don't really have any views on our military people in Colombia.

Q: Do you have any further thoughts about that period of time in Bogota?

BUSHNELL: Of military people in Bogota the person whom I knew best was a Colombian officer, a lieutenant colonel who lived across the street from us. I would occasionally meet him when he was walking his dog, which not many Colombians did. Most Colombians in our neighborhood never went outside their houses except to go some place by car. They were accustomed to staying at home and inside the house. However, my wife and I would go for walks in the neighborhood. We had to pay a “vigilante,” who watched the immediate area after dark. Each “vigilante” or guard - usually retired military - only covered a block or two. We would go for a walk and would hear one vigilante signaling to another. It took us some time before we realized that one vigilante passed us over to another, as we moved along. They were passing the word that we were alright and were among those that paid monthly dues to the guard company. There were a couple of nights when our “vigilante” advised us not to take a walk or at least not to go in a certain direction.

Anyway, I met this Colombian lieutenant colonel and later invited him to come to my apartment for a drink. He was the first Colombian military officer I ever knew. He had a very interesting view of the world, unlike the view of other Colombians I knew such as staff of the Central Bank and from the Ministry of Finance. Briefly, he regarded Colombian society as composed of people who were virtually all at each others' throats. If you're in a society like Colombia where so many are being killed by other Colombians, you get very suspicious of other Colombians. That was his view. He felt that, if a person didn't wear a military uniform, you shouldn't turn your back to him or her. In short, he saw the world as composed of the military and, then, everybody else.

One of my friends with whom I had gone through elementary and high school visited us in Colombia.. [There were three of us who had grown up in Winsted together, in the same class. David Halberstam, who later wrote “The Best and the Brightest” and about 15 other books, had gone to Harvard. Ralph Nader, .the consumer advocate, had gone to Princeton, and I went to Yale.] Ralph came to Bogota in early 1964. He stayed with us for a week or ten days. He was writing a series of articles on Latin America for “Atlantic

Monthly" [quarterly publication]. He set up most of his own interviews, and I set up some interviews for him. I introduced him to this Colombian lieutenant colonel who lived across the street. I thought this meeting would be a good learning experience for Ralph. I got someone to interpret for him, because he didn't speak Spanish. I later asked him his impression. Ralph asked if he was a typical Colombian military man. I said that I thought so. He said: "My God, then this country is really in trouble!" I said: "Well, there's no doubt this country is in trouble." The colonel had explained to Ralph how the military had to defend the society from most of the civilians in it. This lieutenant colonel really had a big impact on Ralph, who also met some Colombian generals as well as many politicians and intellectuals. From what Ralph said, the generals he talked with had known they were meeting with an American journalist and gave him the government line. On the other hand this lieutenant colonel from across the street thought Ralph was just a young tourist American visiting Colombia.

Q: I intended to ask you earlier whether you had any interesting comments on some of the prominent, political figures in Bogota. One of the most prominent ones was Lleras Camargo. Did you know him?

BUSHNELL: No, I didn't know him.

Q: Lleras Camargo was reportedly a remarkable person. He was the first Secretary General of the OAS [Organization of American States].

BUSHNELL: Yes, he was quite remarkable. He had a very broad view of the world. He had spent a lot of time outside of Colombia. The only reason that we were able to bring about some changes in Colombia is that people like him wanted to do it. They saw that Colombia needed to change, and they wanted it to change. There was another man, maybe a year or two younger than I, who was in charge of agrarian reform, Enrique Penalosa. He is now a candidate in the forthcoming elections for Mayor of Bogota. Over the years he has held a number of prominent positions. He is typical of a generation of Latin Americans who

attended US universities and who then returned home to remold Latin America. I forget which university he attended. I believe it was one of the land grant colleges, where he studied agriculture. He came back to Colombia, very Americanized. He came back very much wanting to change things and seeing what was wrong with Colombia.

I worked with Penalosa, and we had many arguments with the AID technicians. AID's concept was that the way to handle land reform was to divide up bigger properties into small family plots and then hand them over to the “campesinos” [peasants]. It struck me that we had no business doing this. I had learned from the Peace Corps that you couldn't just take a piece of land and plant coffee bushes, or bananas, or some such thing and then turn it over to the poor. In fact, there's a lot more that needs to be done in the areas of education, financing, and marketing. New farmers need assistance from people who know how to manage the land and the inputs needed for high productivity. I worked a lot with Enrique Penalosa, trying to develop a workable program of land reform. I also had to work within the AID Mission, trying to convince the technicians to rethink their positions. Enrique was trying to do the same thing with his people. We made some progress and eventually got quite a large land reform loan on the basis of a loan paper I wrote much of, but I understand neither AID nor the Colombians followed through very well and most of the poor settlers initially benefiting from this loan ended up losing the land. A lot of the land reform programs in those early days of the Alliance turned out quite poorly because they mainly involved dividing up the land. After a few years the majority of the farmers lost their farms, and the banks and traditional oligarchy took them over. Eventually the concept of a more integrated and comprehensive approach has been adopted in some countries.

Q: It's now nearly 5:00 PM, and we've nearly filled up this cassette. I suggest that we break here. During the next session we could make some concluding comments on Colombia, before we go on to your time in Santo Domingo, in the Dominican Republic.

This is Tuesday, January 13. When you were in Colombia, it was something of a showcase for the Alliance for Progress. At the same time, there was a counterinsurgency

program going on in Latin America. Some people say that the counterinsurgency programs were the dark side of the Alliance for Progress. What do you think of comments like this?

BUSHNELL: The counterinsurgency program was a complement of the Alliance for Progress, or perhaps it was just that the two programs took place at the same time. The Alliance for Progress was an initiative of President Kennedy. It was directed at improving social and economic conditions in Latin America on a sustainable basis. While Walt Rostow fully supported the Alliance, he though it was not enough. It was necessary to break the strangle-hold of the small power group which had developed in more or less a direct line from the early Spanish rulers. In most countries the military was the key tool of the vested interests. Thus Rostow believed that we should try to wean the military away from the vested interests and get them more involved with the poor people, for example by using the military to build rural roads, schools and health centers. At the same time Cuba was reaching into many Latin American countries to support small rural insurgencies. In general the Latin militaries liked urban centers, modern equipment, and more parades than rural patrols. Thus we mounted a major campaign through our military to teach the Latin militaries anti-insurgency techniques. In other words the strategy was to win the battle for rural minds while crushing rural guerrillas at an early stage. The situation in Colombia was not much like that in Cuba; in some parts of Colombia there was a large rural middle-class based on family size coffee farms. However, there were also numerous rural bands which lived by the gun, generally not in the coffee areas. By providing training and equipment and melding in some politicalized youth from the universities the Cubans began to gain increasing influence in these bands. The bands with Cuban help expanded fastest. At least in the early stages the Cubans probably thought that the situation in Colombia was similar to Cuba before Castro. However, this process was just in its initial stage when I was in Colombia. Few Colombians seemed to be aware of or concerned with what happened in the more remote rural areas.

This major effort was started in 1961 to improve the counter insurgency capabilities of Latin American military establishments. Military equipment and training were involved.

The US military leadership saw that it was important to get the Latin American military closer to the people, so that the people would see the military as their friends. It was also important to get the Latin American military to be active throughout their respective countries so there would not be vast areas where the military could not operate. The programs in which we thought the Latin American military should be involved had to do with things like building roads. The roads would make it possible for the military to reach out to areas which otherwise they would not be able to reach. It was also important for the military to build schools and health centers. There was a great effort made on these Latin American programs in Washington in 1961 and 1962, before we became so deeply involved in Vietnam. We seemed to feel that we knew how to carry out counter insurgency programs and to teach the Latin American military how to do it.

Q: This presumably was a program in which Bobby Kennedy was deeply interested...

BUSHNELL: Bobby Kennedy felt strongly about this issue, and there were a lot of other people interested in it. Actually, I don't recall anybody, including people in the State Department, who was opposed to such involvement. However, there was no great, visible, short-term benefit from supporting these military rural programs, and the amount of US money to be invested was somewhat of an issue. The relationships between civic action conducted by the military and economic development supported by AID were never resolved in any sort of way, as far as I know. AID had school building programs, but it generally was not prepared to provide even marginal support for military school-building programs. The American military didn't want American civilians messing around in its territory, and these two programs continued in the same country and in the same area of activity, but separately.

It was like the problem with the Peace Corps. AID was reluctant to use the Peace Corps on its programs. However, some of us in the field, including myself, pushed very hard to use small amounts of AID money to help Peace Corps activities. Both organizations wanted to keep their independence and thought this required keeping their activities

completely separate. This was also true of the civic action programs of the military. We had a big Military Mission in Colombia, as we did throughout Latin America at that time. I'm sure that there were more officers in Colombia in the Milgroups [Military Groups] than there were State Department officers in the Embassy. I didn't have much contact with the Milgroups. I was on the AID side of the fence and really didn't know much about what the military people were doing. The main contact I had with the military assistance officers in Colombia was that, and this was almost as a sideline, Penalosa and I were pushing for the use of remote land, not owned by anybody, for a land reform project to settle landless peasants. I was one of the loan officers for this project.

The US military was supporting at least with construction equipment a civic action road building program. Thus I tried to get our military to urge the Colombian military to build roads to provide access to the area where AID would then support a land reform program for landless peasants. Penalosa worked on the Colombian military. However, both AID and the MILGROUP opposed this cooperative idea. I talked with Ambassador Freeman about these problems, and he had a meeting with the various US players. Security in the area where the roads were to be built was questionable, and the MILGROUP was opposed to getting the Colombian military to build roads in areas where security was not good. I argued the military presence would improve security and help overcome one of AID's objections which was the possible lack of security for the new settlers. Penalosa told me he met a similar problem. He said the Colombian military could not walk and chew gum at the same time, i.e. run a road grader and carry a gun. He said security from the guerillas would not be a concern for the poor peasants. Privately, Ambassador Freeman told me we had a good idea but it was ahead of its bureaucratic time.

Q: Would you care to comment on how counter insurgency worked in Colombia? From what you have said I would gather that it probably did not work out so well.

BUSHNELL: I would not say efforts to get the Colombian military closer to the people and doing useful things were not successful. In effect, in wide areas this was a good strategy.

From the topographic point of view, Colombia is a very difficult country to get around. The mountains are very high, and the terrain is not ideal for any sort of nation building and the provision of services. It was hard to reach large parts of the population. The overwhelming majority of people growing coffee, for example, are small land-holders. By and large, coffee is grown on the sides of the mountains. Many of the coffee growers had to transport their coffee a long way to market, and probably still do. Coffee is moved for miles on the backs of donkeys. Coffee growers made good money, so they did fairly well.

The Colombian coffee growers were not of great interest to the Cubans. What was the larger concern, and still is, is the historical insurgency problem. There was the traditional division of Colombia between Liberals and Conservatives. You might as well call them brown and purple as there was not much difference in what the parties stood for. However, people were born into either a Conservative or a Liberal family. This divided society in the urban areas and in the rural areas as well, including quite remote areas. In the rural areas this political tradition tended to involve allegiance to local leaders who presented themselves either as Liberals or Conservatives. For all practical purposes some of these local leaders were just bandits. They were not trying to change the world. Their followers were their people, and they were trying to extract riches from the other side of the political spectrum. Both sides were kidnaping people and demanding extortion taxes. This had gone on for a long time and still continues. It began well before the 1950s and the “Bogotazo” [uprising in 1958 against the conservative led government, following the murder of Liberal presidential candidate Jorge Gaitan]. This small scale local insurrection expanded and continued on a nationwide basis.

By the time we arrived in Colombia, this situation had quieted down, but there were still insurrectionary groups which were occasionally active. It is best to think of such groups as akin to the Ku Klux Klan in the states of the former Confederacy in the United States. Most of the time these people were out there working on their fields, rather than being full time insurgents. Cuban agents in Colombia helped in bandit like activities from time to time, and such violent activities tended to intensify in pre-election periods. Obviously

this was a different sort of insurgency problem which did not fit the cookie cutter mold of counter insurgency coming out of Washington which was designed to deal with the Cuban promoted political insurgency.

It was fascinating. It took about 20 years for the Cubans to wake up to the realities in Colombia. It's really only been in the last decade or so that the Cubans have learned to appreciate the differences in the situation and to adjust to it. Now the Colombian insurgents have come to consider themselves as Cuban allies who go to Cuba for training and medical treatment. But it is more because Cuba has changed the nature of its support for the Colombian insurgents, rather than the Colombians fitting into a Che Guevara pattern, although the guerrillas now sometimes operate in fairly large size units. The Cubans did not make much progress in Colombia in the early 1960's. This is not to say that the violence in Colombia went away. I am sure that our counter insurgency programs made some contribution to reducing the violence. However, it was such a big problem that our programs and the Colombian programs were not proportionate.

Q: The criticism has been made that one of the effects of the Alliance for Progress and the counter insurgency programs has been to strengthen the repressive apparatus of the oligarchies and doing many wrongs to the poor people out in the countryside. Your comments don't reflect that point of view, of course. However, how do you answer that?

BUSHNELL: In the first place the Colombian military, like other Latin militaries, knew how to be repressive in a brutal but often not effective way. US military programs were designed to educate the Latin military in winning the hearts and minds of the poor instead of putting a gun to their heads. Of course US programs could be interpreted as strengthening the Latin military. If you give them construction equipment or leadership training, you strengthen the military in some sense. I would argue that our programs were generally too small to have a major effect on the military of most countries. Some units and some leaders embraced our programs, and for these units and leaders repression was reduced or eliminated. But our programs reached only a small proportion of the military, at

least in the 1960's, and in many cases the parts not reached continued to be repressive. I think in general, and certainly in Colombia, our military presence was more productive than detrimental. However, it did not directly attack the Colombian oligarchy, which was very strongly entrenched and included civilian as well as military elements.

In various other programs we tried to address the problems caused by the Colombian vested interests. We had questionable success dealing with these very difficult problems in the distribution of power. There was a conceptual issue with which we were grappling. This is one subject on which I wrote papers in INR and when I worked with Walt Rostow. The Alliance for Progress correctly focused on the need for education, developing sources of potable water, carrying out land reform, and raising the income and productivity of the poor people. In this way the poor could increase their contribution to society as well as gaining greater benefits from it. The problem was that we had what might be called a superficial approach. It is one thing to build a school; that's the easy part; then the next part is year after year to find and employ the qualified teachers who will instruct students at the school and find a way to pay salaries and the cost of books and materials. There are two parts, the first of which might be called the capital intensive part of building the school. The other part is staffing the school and providing the proper books and supplies. There was a great tendency on the part of the Alliance for Progress to focus on building the schools. It seemed reasonable to many Americans for the U.S. to fund the construction of schools and other facilities, although they may not have realized that this wasn't going to accomplish much unless somewhere there was a regular flow of funds to pay for teachers, road maintenance, medicines, doctors, and hospital operating costs. Otherwise, the capital construction part wouldn't accomplish the objective over the long run. What was needed was to maintain a balance in these programs of useful and needed, social capital works and the host country's ability and willingness to raise the taxes to operate the additional facilities. In the long run increased social investment would increase the productivity of the economy and thus the tax base, but in the short run such foreign-financed capital additions

added little to national or local government revenue to pay for the ongoing costs of these projects.

In most Latin American countries these considerations put Alliance for Progress policies in conflict with the oligarchies, which were not very willing to pay additional taxes nor to share power with a growing educated middle-class. Colombia was a typical example. The Colombian oligarchy had no problem in using US money to build schools, roads, and hospitals. That was all fine. There were jobs created, and there were contractors who could benefit, usually those associated with the power structure. Members of the oligarchy were in favor of that. However, they had no interest in improving the tax structure, or at least the tax structure that affected them. As the powerful groups already had a good share of the taxable income, there was only so much in taxes that could be collected from people at the bottom income levels. The members of the oligarchy strongly resisted anything which took money from them, either in taxes or in terms of competition which would open up the system to world trade and reduce their profit margins. They wished to retain control of the beer, textile, press, or whatever other markets they had.

This was a difficult problem to address in the Alliance for Progress. There were some people who felt that, if we didn't address this problem adequately, the Alliance really wouldn't work and wouldn't have much of a future. Also, this issue raised the problem of interference in Latin American affairs. It was one thing to help the Latin Americans to do something which they all wanted to do, such as build schools. It was a different matter for the U.S. or other outsiders to devise tax increases or measures to reduce monopolies' power; even if such measures benefited the overwhelming majority, they might not benefit the politically most articulate and thus those in change of foreign relations.

Keep in mind that in most Latin American countries, including Colombia, the power structure consisted of the major families which controlled most of the economy. These same families also controlled much of the political life of the country. There were, of course, differences among those in the ruling class. In Colombia some families were

composed of conservatives and others were liberals. They might fight with each other, but their economic interests were much the same. They usually managed to cooperate to protect their economic interests. Note that Liberals and Conservatives agreed to rotate the Presidency for 16 years, which was, of course, a way to assure that no outsider came to power as well as to reduce the fighting between the two major parties. It was difficult for people who were not part of what one might call the traditional, ruling groups to cooperate with each other. However, these outsiders might have ideas which were much more compatible with what we believed, and, working with them, there might even be real progress. Generally by the time they reached middle age, the more capable of these outsiders were coopted by the ruling group by being given positions in their firms or organizations or socially.

One would identify people who wanted to make changes but were pretty much powerless to do so. It took more than a generation for the political balance to change. When more of such people came into power, particularly during the 1980s and 1990s, the result has been a real revolution in the economic policies of Latin America. These changes came about finally because people outside the traditional ruling families and from middle class or poor backgrounds have finally obtained access to education and then political power. As a result, the political structure which dominated economic policy changed in one Latin American country after another.

We were nowhere near this point in Colombia when I was there. We did have the advantage of having a President in Colombia, Guillermo Leon Valencia, who wanted to move to modernize the economy. He and his economic ministers insisted, over and over again, on moving in directions which did not please the oligarchs. New macro-economic policies were brought into effect and were integrated with our concept of program lending. The President was able to use this concept to push through a certain number of things. In retrospect, I don't think we achieved a critical mass of change. We didn't make enough fundamental changes to sustain the new policies, although the changes which occurred were in the right direction and were helpful. Subsequent governments in Colombia were

not interested in continuing along the same line. Colombia never went through the real economic revolution we have since seen in such places as Chile and Argentina. It was always making less change than what might be termed great or revolutionary, but it continued to grow economically almost every year. More progress was probably made in the early 1960s than in most other, Latin American countries at that time. Had this process continued, it would have been a great thing. However, it did not continue because of political divisions and the resistance of the established power structures. Of course the U.S. also soon lost interest in promoting these changes, and funding for the Alliance fell during the Vietnam era. President Johnson did not have the same interest in basic reform and put his emphasis on expanding trade.

Some argue that the gradual, partial progress we made in Colombia in the 1960's was the enemy of getting a real and permanent fundamental charge in the society. By permitting gradual, but insufficient change, the traditional power structure was able to keep most of its power. In some other countries where gradual progress was not allowed there was eventually an explosion and a massive and permanent shift of power occurred. I believe there is much truth to this theory, although there is always the potential for the revolutionary change to be in directions against US interests. However, it would be hard to articulate and defend politically in the U.S. such a policy of doing nothing and waiting for the revolutionary change.

Q: Looking back on this process, do you see a connection between the Colombia you knew in the 1960s and the problems of today, some 30 or 40 years later? Are you suggesting, with the benefit of hind sight, that we should have done some things differently at the time you were in Colombia?

BUSHNELL: It would have been nice to bring about more tax and trade reform and a greater opening of the economy and the political structure in the 1960s than we were able to do. However, there were political realities, and the government of Colombia was only able to do so much in a democratic country. I think, in terms of program lending of the kind

we undertook in 1963 and 1964, we probably went about as fast as we could go, bearing in mind political realities. We knew that there was a big question mark about the future. Program lending soon got a bad name in the United States, and we began promoting US exports and trade expansion. Subsequent Colombian governments were not interested in pursuing many of these reform programs and opening up additional areas.

Q: You were only in Colombia for a couple of years. What led to your transfer to Santo Domingo?

BUSHNELL: I had a reputation in Washington for good work on fiscal and monetary matters and for working with the host government on economic policies. A group of policy officials with hemisphere-wide responsibilities worked closely with me, including Don Palmer....

Q: Who was Don Palmer?

BUSHNELL: Don Palmer was the senior economic officer in the Bureau of Latin American Affairs. He soon became Deputy Assistant Secretary of State for Latin American Economic Affairs. He was one of the leading proponents of promoting changes in macro policy instead of just rearranging deck chairs on the SS TITANIC through project loans for roads, schools and other social infrastructure. Working with Palmer was a Deputy Assistant Administrator of AID for Latin America named Ray Sternfeld. There was a small group - a half dozen officials - who were focused on the concept of program lending, with special reference to Colombia and Brazil. To keep in touch with the field, one or more of them would come to Colombia frequently, or I would go to Washington for consultations. After the 1962 elections and the events of 1963 in the Dominican Republic [an military uprising against the government] ...

Q: After the Trujillo assassination in May 1961, there was a period of chaos when the people in power decided to hold on to their positions. Then Bosch was elected President of the Dominican Republic in 1963.

BUSHNELL: He was elected in a landslide in December 1962. Then he was thrown out of office in a bloodless military coup in September 1963. The military set up a civilian triumvirate to run the country, and the situation was rather chaotic. The U.S. withheld aid and deployed the overthrow of democratically-elected Bosch for a few months. As the situation stabilized, the U.S. resumed aid and began working toward new elections and economic progress. Economic policies were a big problem. Priority attention in Washington was focused on getting a handle on the economic situation in the Dominican Republic. State and AID wanted to use program lending in close coordination with the IMF and World Bank in the Dominican Republic. Don Palmer and others wanted to do in the Dominican Republic a version of what we were doing in Colombia.

I was asked if I would accept an immediate direct transfer from the Economic Section at the Embassy in Colombia to the Economic Section of the Embassy in the Dominican Republic. My tour of duty in Bogota was coming to an end in four or five months, anyway. I was still a junior officer in Bogota so I had a two-year tour of duty. I left Bogota in July, 1964. I had been thinking of extending in Bogota to make my tour two and one-half years to May or June 1965 and get back on the summer cycle. I was excited about the program lending, the land reform loan, and other projects, and these programs were really just getting up to full speed. However, when the Department pressed me to go to the Dominican Republic in the summer of 1964, I said that would be fine. I thought that I would take some leave in the U.S. and then go to Santo Domingo, but the Department said there was no time for leave. We went directly from Bogota to Santo Domingo with only a weekend in Caracas where we had to change planes. It was a pretty miserable weekend as our son who had been born in Bogota was quite sick. We got off the plane in

Santo Domingo in late morning, and the Embassy there had already scheduled for me to meet that same afternoon with the IMF mission.

Q: Was this meeting with the IMF mission for lunch with your wife Ann also invited? So you didn't have time to go to the hotel? You went straight to a luncheon?

BUSHNELL: I guess we had time to go to the hotel to drop off the family and change clothes. Then I went straight to this IMF meeting, even before setting foot in the Embassy. For a few weeks after my transfer had been decided, the Embassy in Santo Domingo had been sending me in Bogota information copies of its reporting cables on economic matters, and Washington had been sending me copies of its guidance, so I had some preparation. The transfer was raised with me and then, within a period of three weeks, we were in Santo Domingo.

Q: This was a meeting with whom and for what purpose?

BUSHNELL: There was a meeting scheduled with an IMF Mission visiting Santo Domingo to work out conditions for IMF loans [technically drawings]. The purpose of this meeting was to coordinate with the US program, to go over the details of our support for a program which I found, after I arrived in Santo Domingo, involved AID program loans as well as loans from the World Bank and the IMF [International Monetary Fund]. It was a similar, multilateral approach to the one I had worked on in Bogota. However, the problems in the Dominican Republic were quite different from those in Colombia; the issue was more how to get any government functions working than how to make basic structural changes.

Q: Was anybody from the Embassy in Santo Domingo at this meeting with the IMF Mission? Who set this up?

BUSHNELL: The Economic Counselor in Santo Domingo, Dorothy Jester, was there. We also had another officer in the Economic Section in the Embassy in Santo Domingo who, I think, handled transportation and other regulatory matters. Our Commercial Attach# was

also present at this meeting as well as the AID director. I don't think that my position in the Embassy was new. But there had not been an economic policy person in the Embassy in Santo Domingo for some time, if ever.

Q: Basically, was this the same kind of job that you had in Bogota?

BUSHNELL: It was much the same kind of job. For all intents and purposes I was really more in the AID Mission than in the Embassy. This involved a distinction without a difference because in Washington the Latin American offices of AID and the State Department were located in the same suite of offices, although in Santo Domingo the AID Mission had its offices in a building a couple of miles from the Embassy . All of us were supposed to work together. This was all a part of that so-called integrated setup. I did the financial reporting and related matters in the Embassy. The same data was used to support AID loans and to negotiate about policies with the Dominican government. We had different elements involved, but the same approach in the Dominican Republic as in Colombia.

However, the situation in the two countries was very different. In Colombia there were entrenched elements which were very resistant to change. In the Dominican Republic not only was there an oligarchy, the people with money and land and in many respects the military, but there were people who had lifetime employment, although at low salaries, in the government ministries who were even more resistant to change. They had allegiances to the oligarchy, but they were also unskilled and attached to traditional ways. There was the greatest difficulty in implementing any change because the bureaucrats constituted a kind of vacuum. There was an unelected triumvirate, with only two members when I got there; both Donald Reid, who had been a successful car dealer and earlier a foreign minister, and Ramon Caceres, a lawyer, wanted to create a functioning government and move to free elections, but they were virtually overcome by the extent of the problems they faced, and they had little help as what few capable people there were in the wake of Trujillo wanted nothing to do with a military-supported government. I met frequently with

them to discuss economic problems. At first I would accompany Ambassador Bennett or the AID director, but soon it evolved that an aide would call and ask me to come see him; then he would take me to see Caceres or sometimes Reid or both without giving me time to call the Embassy [the Ambassador quite properly wanted himself or a senior officer to attend any meetings with the Triumvirate members].

Q: Was Bosch still in office?

BUSHNELL: Bosch was gone, living in exile in Puerto Rico. He was forced out by the Dominican military the year before. Then the military set up a civilian structure to govern, the Triumvirate, but the Triumvirate had very limited control over the military. Some 30 years of dictatorship under General Rafael Trujillo left the Dominican Republic with immense problems.

Q: Wasn't he in power from 1930 to 1961?

BUSHNELL: It was a long time, and Trujillo had really impoverished the country in basic ways.

Q: He was in charge of everything. He ran the Church, the government, and the military.

BUSHNELL: Unlike Colombia, in the Dominican Republic democracy hadn't had a chance to take root. There really wasn't much of a government, and bureaucrats were afraid and unaccustomed to taking any decisions or making any recommendations. Trujillo had been unwilling to expand the school system although the population was growing very rapidly; thus the population was almost all uneducated.

Q: But the assumption was that he had established stability.

BUSHNELL: Well, yes. Anybody who got out of line was promptly squelched, so that much of the middle class, which in 1930 wasn't large, had no opportunities except those given personally by the dictator. Much of the small, middle class had emigrated elsewhere,

mainly to the United States. Most of the population performed manual labor and lived at the bottom of society. The biggest source of employment was growing and harvesting sugar cane. There were a few people at the top of society, the multitude of rural workers, and not much in between. There was no middle class to carry out a putsch. Thus General Trujillo was able to last so long in power. He probably would still be in power if he had not been assassinated by a small group of dissatisfied ex-military. The economic problem when I arrived was not so much to get agreement on sensible policies but to find policies that would virtually implement themselves.

I remember talking about things like increasing the tax on beer. That was a tax which should be easy to collect, since this excise tax was handled by the customs service and there were only a couple of breweries. There was a strong legal basis for this tax. But it was obvious, when we looked at the data, that most of the beer was not even paying the fairly low tax on the books because, between the Customs Service and the military, the tax was avoided. I found that there were a few good people in the Central Bank, and I worked as much as possible with them. In Washington the Dominican Republic was perceived to be in danger because it was located next door to Cuba and there were many Cuban/communist sympathizers among the young and on the university faculty. There was great concern in Washington about achieving some sort of economic and political stability, but there was also much concern about what the entire effort would cost.

Q: Was Ed Martin still Assistant Secretary for American Republic Affairs?

BUSHNELL: Tom Mann had replaced Martin who had gone to Argentina as Ambassador in January 1964.

Q: Was there anyone who served as Assistant Secretary between Ed Martin and Tony Soloman?

BUSHNELL: Mann brought Tony Solomon, an American businessman and economist in Mexico, in to be Deputy Assistant Secretary for Latin American economic affairs and

Deputy Administrator of AID in 1964. Solomon was never Assistant Secretary for Latin America, but in 1965 he became Assistant Secretary for Economic Affairs. Then Don Palmer moved up and took Tony's job. Both Mann and Solomon were close to President Johnson.

Q: Charles P. Torrey was the Dominican desk officer from 1961 to 1963.

BUSHNELL: I don't remember that name. Ken Crockett was the Caribbean office director; perhaps Torrey worked for him. When I went to Washington, I worked with the economic team. Solomon, Palmer, and Bill Stedman in State and Dave Bronheim, Sternfeld, and a couple of other people from AID were members of the team that handled the Dominican Republic. I arrived in the Dominican Republic in July, 1964. The revolt against the Triumvirate took place in April 1965. I was there only nine months before those traumatic events.

Q: And you didn't achieve stability there.

BUSHNELL: We did not achieve even economic stability, let alone political stability.

Q: Let's take a quick look at the Embassy itself. Tapley Bennett was your Ambassador. How was he as an Ambassador?

BUSHNELL: He was great; of course my criteria may be different from that of many others. Whatever Bennett had been told about me by people in Washington, from the day I arrived in the Dominican Republic, he treated me as one of his senior economic advisers and also an adviser to the government as well. He gave me full support, but he didn't pretend to be an economist.

Q: And George Kuchesky was the Economic Counselor?

BUSHNELL: I don't know that name. Dorothy Jester was the Economic Counselor. She is a nice person and easy to work for. However, she never really adjusted to the chaotic

situation in the Dominican Republic. She was not operationally oriented. She was used to economic reporting and formal negotiations, but not one who really tried to see how the Dominican Government worked. She found her position rather awkward because I, her junior officer, was being taken by the Ambassador to meet with the presidents. She also supervised the commercial officer, John Perkey.

Q: Who was the DCM [Deputy Chief of Mission]?

BUSHNELL: The DCM was Bill Connett. I didn't have a lot of contact with him. I had the feeling he was more like Dorothy Jester, a traditional or old-school FSO. He seemed to feel it wasn't the job of the Embassy to make the country work. He thought it was our job to observe and report. Ambassador Bennett felt it was in the interest of the U.S. to do what was necessary to see that the situation, economic and political, did not deteriorate. He felt we should work with the Dominican triumvirate to stabilize the situation and organize an election. He hoped that some Dominican political faction would emerge from the election able to govern. He meant someone other than General Wessin y Wessin.

Q: And the Political Section? Bob Heightston was Political Counselor of the Embassy during the summer of 1965. Who was there before him?

BUSHNELL: Ben Ruyle was the Political Counselor through the events of April to June and perhaps longer. Also in the political section were Art Breisky and Alfonso Arenales; I think there was one other Political Officer. Ed Terrell was an experienced officer. I spent most of my time working with the Dominican government and with AID. I often went to the National Palace and the Finance Ministry and to the Central Bank almost every day. Often, I went to all three places in a single day. I seldom went to internal Embassy meetings; Jester did that for the Economic Section. I tried to attend AID's weekly meetings as they was more relevant to what I was doing and I was supposed to wear both an Embassy and an AID hat. I suppose CIA personnel were out and about, doing their thing, but I did not come across them. There were a couple of private Americans working to help

the Triumvirate on economic matters whom I felt might have some relationship to US intelligence. We were mutually helpful as we had the same objective — strengthening the Triumvirate.

AID officers were having a great struggle because they were trying to get things to work without having much Dominican talent to work with. Their approach was to bring in US contractors. If they were trying to build schools and didn't have any Dominicans available who could design schools and contract for their construction, they brought in US contractors to design and contract schools. They were building up a substantial US involvement, but the AID Mission was mainly focused on these specific projects, not on general economic policy. The AID Director was William Ide, and his deputy was John Nepple. I had long discussions with AID about getting Dominican technical people to return to the Dominican Republic, since there were a lot of middle-class Dominicans living in the U.S. who had left their country over the years. My thought was that, rather than bringing in expensive American contractors, we should encourage Dominican technicians to return home.

Q: Did you have an office in the AID Mission?

BUSHNELL: I didn't have any particular office or desk in the AID Mission which had a major space problem because it was growing fast, and I had a comfortable office in an Embassy annex across the street from the Embassy.

Q: Were there AID Program Officers?

BUSHNELL: There were AID Program Officers. However, I was in the Embassy; I was paid by the Embassy, and I had an Embassy job. My AID job was never clearly defined, but I did almost all the work on AID program lending and Dominican macro policy matters. I don't think that I had any formal AID position. However, I attended AID general staff meetings. I knew what was going on in AID. Because I regularly worked with officials of the Central Bank and the Finance Ministry, I found it possible to resolve quite a few

problems AID officers were having with their projects. They were always frustrated trying to get Dominican money released to get things done. Often I could and did resolve these problems. My relations with most officers in AID were good.

Another big AID problem was to identify Dominicans who could do the technical work. Of course, local people were the preferred option, but AID was not good at finding local technicians. My contacts in the Central Bank often came up with qualified Dominicans.

One of the things we were able to do through AID was to bring in experts from the US IRS [Internal Revenue Service], as we had in Colombia. I worked with them to encourage and help the Dominican tax authorities so that the system actually collected taxes. The April coup events began on a Saturday. I was at the home of the head of the IRS group, who was hosting a luncheon which I had helped to set up. Present at the luncheon were the head of the Dominican tax department and the deputy finance minister. We had invited them to talk about getting this tax collection program moving. The problem was that AID/IRS didn't seem to be able to get long appointments with the head of the tax department. I said: “Let's see if we can have a lunch to take care of this. We'll have it on a Saturday when they will not be rushed.” That's where I was when the maid came in to say she had just heard on the radio that there had been a coup at the National Palace. We all finished our lunch as quickly as possible and left.

Q: Can you explain what the background of the coup was?

BUSHNELL: There was a lot of dissatisfaction in the military. A few military officers supported a return of Bosch from Puerto Rico; some thought Reid was too soft on the communists, who were allowed to be politically active; many wanted a return of Balaguer who had been President under Trujillo; many military did not like Reid's efforts to cut back on their budget and corruption. One of the touchiest problems that I was directly involved with was an effort of the government to bring its income and expenditures into closer balance, so that they wouldn't continue just to print money and generate inflation.

The IMF and World Bank as well as AID, as a precondition to program lending, insisted on substantially reducing the deficit. The Dominican Government thought it would be a political disaster if it devalued the currency. However, when I arrived in Santo Domingo, the growing budget deficit was causing inflation and making it harder for the Dominicans to export while making imports seem cheaper. The biggest item on the expenditure side was the Dominican military establishment. It cost far more than education and all other social services combined. On the civilian side the Triumverate said that it was not so much that they wanted to cut military expenditure as that they wanted it to be more efficient and productive. The portion of the budget spent on the military was very high; the figure of 40 percent of the total budget comes to mind.

Q: We were giving the Dominican Republic military assistance.

BUSHNELL: We were giving some military assistance, but I don't think that it amounted to much. We gave them some military equipment, generally outdated used equipment, and some training, but it wasn't a big money program. Dominican military expenditures covered a lot of people, a lot of overhead, and a lot of corruption. Many of the soldiers supposedly on the roles and actually being paid were ghosts, i.e. they did not exist and the commanders pocketed their pay. I learned a lot about the real nature of military expenditures from my Central Bank friends.

This situation between the civilian government and the military was very difficult. The Triumverate had been appointed by the military. Reid and Caceres had only the power of persuasion over the military, trying to get them to reduce their expenditures. They would arrange lunches at the National Palace and bring in senior generals and admirals from the Dominican Army, Air Force and Navy. They would invite me to explain to the military why the country had to cut back its military expenditures. Cabinet members said that everybody had to try to cut back, but the military didn't do much cutting and what little it did was reluctant. Trying to convince the military of the need to cut military expenditures didn't work well. I thought that, if the Triumverate had insisted on major military expenditure cuts, more

than a few percent, Reid and Caceres would have been out of office, and somebody else would be in. Thus we fell back to cutting the import privileges of the military commissaries and the free port. The situation had reached the point where almost all luxury goods came into the Dominican Republic, not through customs where they would have paid high duties, but through the military commissaries and free port which were duty free. The goods then were sold in the black market with large profits, primarily for military officers. Cutting this source of profit turned many military against the Triumverate.

Q: What do you recall about the coup itself? Who were the leaders?

BUSHNELL: Coup d'etat is probably not the word to use.

Q: Should it have been called “revolution?”

BUSHNELL: Revolt is probably a better word. Events moved quickly from what was a nearly textbook coup to revolt and chaos. The precipitating event on the Saturday was that Rivera Cuesta, the Army Chief of Staff, told Reid that three Lt. Colonels, two of whom commanded Army camps, were plotting a coup. Reid, as Secretary of the Armed Services [an additional duty to being the senior Triumverate member], ordered Rivera Cuesta to cancel the three officers' commissions. Rivera proceeded to do so without arranging for armed backup, and the Lt. Colonels arrested him. They had been planning a coup, and it was then launched immediately with their camps declaring themselves in rebellion. With the military publicly divided, the Left, both communist and non communist, took to the streets. Radio stations were taken over by the Left, primarily the PRD, the social democratic party of Bosch; some broadcast in favor of the return of Bosch; others controlled by those further left encouraged people to loot stores, kill police, and go to the camps in rebellion where arms were being passed out to everyone, including machine guns and rockets. Most of the military did not participate in the revolt, but the other military units did not obey Reid's orders to move against the two camps in revolt. In particular the Air Force refused to bomb the Rebel camps on Saturday, and Wessin and Wessin said

he could not move his armored forces without air support. Over Saturday night and on Sunday and Monday the Leftists and thugs getting arms from the camps in revolt killed many policemen and drove the rest from the streets, leaving the streets to the armed thugs with some organization from communist groups, which seemed to be the only group with decent communications. Most military camps not in rebellion could not talk to each other regularly until we supplied radios a couple of days later.

During the first three days the leadership among the military in revolt shifted frequently. Those favoring a return of Bosch or Balaguer were replaced with a few Lt. Colonels and Majors who had links with the far left in the street. Officers would come to the Embassy to discuss ending the revolt. But the next thing we knew they had gone into some Latin Embassy for safety, and someone else was in charge. The three that started the thing were quickly gone from the scene. By Monday night Colonel Caamano seemed to emerge as the leader of the rebellion, although I believe he had been in an Embassy earlier that day.

Q: There was some presumption in Washington that there were communist elements in this group.

BUSHNELL: I am not sure any of the military officers in rebellion were communists. A few were admirers of Fidel Castro. However, much of the leadership in the street, which was civilian as the military generally did not leave their camps, was not only communist but trained by Castro and other communist states in street fighting and propaganda. I do not know just what role was played by these trained revolutionaries and what role by the several military officers friendly with them who controlled most of the reserve munitions available to the Army. However, the civilian revolutionaries managed to take over the military warehouse. They then handed out guns and ammunition to everybody who showed up, mainly kids under18. Sympathizers with the Leftish movements and thugs were issued M-16 rifles and up to 500 bullets each.

These armed civilians then went into the city of Santo Domingo, shooting at policemen or anybody they wanted to shoot at, and took it over. By Saturday evening the downtown area was in the hands of these people. The best way I can describe them is that they were basically kids with rifles. The city appeared to be controlled by gangs. A gang might be just five guys who hung around together. They got rifles and now had taken the block where they lived or some other block. They didn't really seem to have known what they would do with it or what they wanted to happen. I talked with some of these boys on Sunday and Monday. They couldn't articulate any objective other than they wanted change and the oppressors out or dead. There certainly wasn't much organization in the street, and some gangs would shoot at each other. Some of them went to the area around the National Palace where known communists were seen organizing an attack.

I'm not the best person to give the history of this uprising or revolt. I only saw bits and pieces of it. I was a junior officer, and I was running around most of the time those days. At least the picture I have is that on the second day, Sunday, the poorer areas of the city were in the hands of these roughnecks. In the upper middle class areas where the Embassy was and where we lived, there was no sign of any kids with guns, nor any police or military for that matter.

Q: The question is how this set off such a “firestorm” in Washington. Did the media cover all of this in a panicky way?

BUSHNELL: Initially, there was not a single expatriate foreign media representative in Santo Domingo. I have no idea how the media in the U.S. played it or what their sources were, although the telephones generally operated the first days of the crisis.

To continue the story, the Dominican military was divided into five forces: the Army, the Navy, the Air Force, the Police, who were really a military service, and the military training school which General Wessin y Wessin commanded. Wessin had all the armored forces which were technically part of the Army, but General Wessin y Wessin considered

himself a separate force. Just before he was deposed on Sunday morning Reid named Wessin Secretary of the Armed Forces. On Sunday after the loyal military refused to fight the military in rebellion, Reid allowed much of the forces protecting the National Palace to leave. The crowd attacked. But it was a group of Rebel officers who actually came to Reid's office and took him and Caceres prisoner. Apparently this group favored the return of Bosch because they made the Bosch associate who had been President of the Chamber of Deputies under Bosch the Provisional President some time on Sunday.

Sunday afternoon I was in the Embassy and heard from our attach#s that the Air Force had finally decided to act and would bomb the Rebel military camps and the National Palace. The Palace was some 15 blocks from were we lived, but I did not have much confidence in the accuracy of the Dominican Air Force with their World War II planes. I called my wife and told her keep our young son inside the house. We had a sandbox in the backyard he loved. When I finally got home that night, there was a pile of sand on the tile breakfast room floor. Our son had been reluctant to come in, and, when my wife heard the planes, she had scooped up some sand and made an inside place for him to play. The sand was still there several days later when I brought Tony Solomon, Dick Goodwin and two others back to the house to stay with me.

The F-51 dive bombers did attack the Palace and, I believe, the Rebel camps. The Dominican Navy came in close to shore and also fired a few rounds at the Palace, which the military believed was now the site of a Bosch-friendly government I did not think this stand-off fire would have much effect. It did not even do much physical damage in the city, although the F-51s were pretty accurate. But I learned later that it did demoralize many of the Rebel officers who fled to Latin Embassies to seek asylum. However, the fighting among the military only encouraged the crowds in the streets; as time passed including Monday and Tuesday the communist cadres were actually able to organize defensive positions while taking over the banks, telephone exchange, and government buildings in the downtown area.

I remember watching the local TV on Monday. The civilian insurgents had taken over all the TV stations. I thought I was watching a tape of a Castro TV broadcast. I had watched several tapes from Cuban TV during my time in INR. The several men broadcasting were all dressed in military fatigues of the same sort used by Castro; some carried M-16s and wore belts of bullets. They were announcing all the great things they would do for the people. Then they began reporting and celebrating the killing of policemen, stating how this hero by name, or perhaps it was a gang, killed three policemen at such and such a location. The listing of police killed was long. Then they began urging the audience or whoever to kill the families of the Air Force pilots who were bombing. They even read off names and addresses. It was quite chilling.

Some of the officers in the Political Section identified a couple of the announcers as communists who they thought were in Cuba. Although I was told some of the Rebel military spoke on radio and TV during this period, none of the broadcasters I saw was a Dominican officer. Remember that this was 1965, only five years after Castro had taken control of Cuban. These revolutionaries said that they would adopt policies in favor of the people as Fidel had in Cuba. They said over TV that the people were taking over the country and that this was the revolution which everyone wanted. When we saw this on TV, we said: “Goodness! This is no dry run but a Castro style takeover of the country.” However, the TV broadcasts were not what directly raised the concerns of Washington because none of the several Washington officers with whom I later talked were aware of them. There was similar rhetoric on the radio which of course was picked up, translated, and sent around Washington. I have never reviewed what was on the radio, but what little I heard on the radio was not nearly as chilling as actually seeing the fatigues, rifles and the enthusiasm for the killing and for Cuba on TV. Later, when there were questions in the U.S. about whether there were really communists leading the revolutionaries, I tried to find a recording of some of this TV, but there were no VCRs in those days and I never found such a tape.

Thousands of people gathered in downtown Santo Domingo to see what was going on, to defend the revolution, or to loot.. They wanted change, food, and jobs. There was much looting. The Dominican Republic is a poor country. The dictator, General Trujillo, had been killed and his son, Ramfis Trujillo, had been thrown out of office. However, not much had really changed, and the economic situation had not improved. Poor people did not have enough to eat, and unemployment was high.

Q: What was the Embassy reporting to Washington on this?

BUSHNELL: Ambassador W. Tapley Bennett was in the U.S. on consultations, so William B. Connett, the DCM [Deputy Chief of Mission], was Charg# d'Affaires. I was able to move around the city of Santo Domingo a bit to get an impression of how things were. I did this everyday. My impression from these trips was that the political situation in Santo Domingo was totally out of control. One literally had to negotiate one's way around the city, block by block. I would come up to the armed kids and say: “I'm just trying to go to some embassy or facility. I'm with the American Embassy. I would like to move along here if I could.” Most armed men I encountered were very young. Some of them would say: “Don't go that way, because there are people along that street who are shooting at everybody. You'd better go this way. I'll go with you this way and tell them you're alright.”

At first these gangs were in the poorer and commercial areas, but by Wednesday they had moved into the richer residential areas. I could go to the Embassy fairly easily; it was a few blocks from my house. But to go to other Embassies or to talk with some of my Dominican contacts who were holed up in their homes one had to cross much more difficult parts of the city. It was just as if there were local gangs in charge. They had no plan for future action, but they were in charge. They had guns. I wasn't racing through any area. If I had not shown them respect , they would probably have shot me. However, with some difficulty I was able to negotiate my way around.

We continued to see TV broadcasts. As far as I know, nobody really knew what was going on, because there was no Dominican government. I don't think the Rebels, either the military or the civilians, had a plan on how to take over the country. There were reports that they did and even that Castro had planned all this. But there was no evidence of a plan. It was all just chaotic. None of the parties had a complete picture of the situation and neither did the Embassy. However, we did know that it was getting damn dangerous. We were concerned for our families. On Monday about midday I wrote some paragraphs for a cable on what I had seen in various parts of the city and some of the reports of killings and looting given me by contacts I considered reliable. Most of my draft was edited out as too alarming. But by Monday evening I found someone had used almost all my paragraphs in a subsequent cable leading up to a recommendation for evacuation of dependents and non-essential personnel.

At one point, when I was in the Embassy probably on Sunday evening, I thought the appearance of an American Navy ship or two on the horizon might calm the situation, i.e. if the Rebel military thought the U.S. might join in the bombardment by the loyal Dominican Navy and Air Force, they might make a deal to end the fighting. Various officers were coming to the Embassy or calling about making a deal. I did some drafting on a cable recommending such an appearance by US Navy ships, but someone checked and said the closest Navy ship was two days away; I later learned this was not true. At this point Charg# Connett seemed unwilling to take any steps that might affect events; he saw the Embassy role as just reporting on the situation. I do not know what guidance he had received by telephone from Washington, if any.

Q: Over how long a period of time did this situation continue?

BUSHNELL: What I have described was from Saturday noon to Monday night, but the chaotic situation in the city was worse on Tuesday and Wednesday and continued until at least Friday when American forces began taking up positions in many parts of the city. Of

course, there was occasional fighting for some time, and Rebels occupied the downtown part of the city for months. We have only begun this story.

The Dominican Air Force had some old P-51 fighter-bombers we had provided them years earlier, basically fighter aircraft which they were using as dive bombers. Early in the week these planes began bombing the Palace, which was only five or six blocks from the Embassy, attacking from the direction of the Embassy. I knew, because I had served in the US Air Force, that planes don't dive straight down on the target which they want to bomb. When a bomb drops from a plane, the bomb as well as the plane is moving forward. The pilot has to dive at a point which is substantially behind the target. Then, when he releases the bomb, it continues forward as well as down to hit a target substantial forward from the point of the dive. The P-51's would dive right at the Embassy and then release their bombs, which were supposed to hit the palace, right over the Embassy. Of course no bomb ever hit the Embassy, even close. However, this was a terrifying moment for most of the people in the Embassy, who didn't realize that a good place to be was at the point which the aircraft were diving at. They were scampering around, literally diving for some kind of cover. At first they thought I was totally crazy for staying outside to watch while most were trying to get inside and under furniture.

The Rebel kids had managed to capture some tanks, probably when they stormed the Palace. I was in the Embassy one evening just after dark. It was probably on Tuesday night after my family left and before Ambassador Bennett returned. Some young men with a tank parked in the street right in front of the Embassy drive. My office was in an annex just across the street from the end of the drive, so the tank was between the Embassy and my office, although I had no need to go to my office during the crisis as I drafted cables in the political section. They pointed the tank's gun in the general direction of the Embassy, perhaps for no particular purpose. There were quite a few of us in the Embassy at the time. I said: “You know, it's kind of uncomfortable to have that tank out there. They're might shoot at us. But more likely some of the Air Force pilots who were bombing might decided to finish off the tank and miss just a little in our direction (or hit my office if they

were a little the other side).” I encouraged our military officers to go out and and see if they could get that tank to move. They said they weren't going to go because the tank was not in the control of military personnel but of civilians who might do anything on purpose or by accident. They said moving the tank was a job for civilians. After an hour or so when the tank seemed to be settled down for the long haul, I finally said: “I'll see if I can't get them to move the tank.”

I walked out slowly toward the group of teenagers on and around the tank. I don't think there was anyone there who was more than 22 years old as far as I could tell in the dark. I asked them what they were doing. They said: “We're defending this position, and this is a good spot because we are hidden by the trees so the planes cannot see us”. The trees did not seem to me to give very good cover, and I suspected they thought the Air Force would not chance hitting the American Embassy. However, after some general talking about how chaotic the situation was I said: “Well, I'll tell you something. You're in a very dangerous spot. If you look either way up or down the street it is perfectly straight; the buildings around here are well known to everyone; if someone tells the Air Force you are here — I won't but some of the neighbors here probably have relatives who are pilots — any pilot can line up on the street and hit the cross street where you are without ever even seeing you.” I mentioned that a few blocks away there were places where the streets had many twists and big buildings were right next to the street making it hard for a plane to hit a street target in that area. As I turned to walk back to the Embassy, the young man who had done most of the talking actually thanked me. About 15 or 20 minutes later, apparently after they had scouted an alternative location, the tank departed. One of the American secretaries was so relieved she gave me a big hug. The military attach#s who had been watching carefully asked me what the hell I told those kids. I said I gave them some civilian advise. I don't recall ever thinking about this incident until many months after I left the Dominican Republic. Events just began happening so fast that one had to give all one's attention to the three things that had to be done next.

Q: How did news of the fighting get to Washington? Press or telephone reports?

BUSHNELL: I wasn't on the phone myself at this stage. Nor did I notice the Charg# or anyone else talking much to Washington. The CIA [Central Intelligence Agency] Station was getting reports from its people and I supposed sending them to Washington. I don't recall what the Station was hearing. I suspect that the Dominican intelligence apparatus was having as much trouble finding out what was happening as anybody else. Our attach#s were in contact with some of their Dominican military colleagues, when they could reach them. There were a lot of communications to Washington reporting on what was happening, but I don't really know. I wasn't much of a part of the reporting, drafting only a few paragraphs here and there. I also reported orally to other Embassy people what I saw and heard from my contacts. I didn't draft any report about the tank, for example, because everyone in the Embassy had seen it. There may have been somebody reporting on this tank, but I don't know.

I was trying to get the senior officers including the Charg# to focus on making policy recommendations instead of just letting the situation deteriorate further in ways which everyone thought were negative for our interests. I threw out ideas, not because they had any merit, but because I thought they might get the senior people to come up with something better. After my idea of US Navy ships on the horizon was shot down, I tried such ideas as bringing in a substantial medical group with protection to treat the wounded from all sides or getting together a group of Ambassadors and Charg#s who would try to broker a cease fire and some program to start getting the guns off the street, such as by using AID money to buy them. However, just when the senior people began to get serious about US actions, the fast moving situation would change in a way which suggested the crisis might be almost over. The senior people were uncomfortable with the thought of US action in this messy situation. If I had offered to bet on Monday or Tuesday that there would be thousands of American troops in the Dominican Republic by the end of the week,

I could have gotten long odds and large bets. But that thought never even crossed my mind.

Q: In one way or another, President Lyndon Johnson really hit the roof. Do you know what the connection was?

BUSHNELL: Yes, I know what drove the President's thinking because Tony Solomon who was the Deputy Assistant Secretary of State for Latin American economic affairs and a close associate of Assistant Secretary Mann, spent 10 days or two weeks soon thereafter living in my house. He had been with Mann and the President quite a bit during these first days of the crisis, and he told me. What Solomon said was that President Johnson was determined he wasn't going to have another Cuban situation develop on his watch. That was it; whatever it took, whatever had to be done, there wasn't going to be another Cuban situation. In other words, we weren't going to lose any place else close to the U.S. to the communists. Perhaps some of the intelligence reports reaching the President were exaggerated, but from my position in the front-lines, one might say, the reluctance of the Dominican military to act on the ground, the spread of arms to the young, many of whom were leaning far left, and the key role of known and obvious communists on the TV and radio and in some organization of the street were enough to convince me, and I think most anyone, that the situation was moving toward a potential communist take-over.

Q: Would it have been Walt Rostow who gave President Johnson advice on the situation?

BUSHNELL: I should think so, but I do not recall Solomon mentioning him. President Johnson was briefed by the intelligence people and probably talked to Secretary of State Dean Rusk and others. But the President was personally very close to Mann, and I assume from what Solomon said that Mann was his key advisor. I wasn't in Washington and don't know where President Johnson got his information.

Q: Whatever the source of his information, it looks as if President Johnson overreacted.

BUSHNELL: Perhaps. I think an overwhelming majority of the American people agreed that we didn't want to see another Cuba develop in this hemisphere.

Q: Was there any danger of that happening?

BUSHNELL: It's hard to say for sure. As the saying goes: “Nature abhors a vacuum.” Essentially, what we were faced with in the Dominican Republic was a power vacuum. The Dominican military was divided and couldn't control the country, and the Army was apparently unwilling to fire on crowds who wanted change. The Army had lost some of its tanks and was losing a lot of soldiers, who were simply running away . The police force had been nearly wiped out with hundreds of police killed. The situation was chaotic. The people who had some sort of control of downtown Santo Domingo were diverse and not integrated. They had little command and control structure. But those people who were rapidly organizing the masses in the street were communists and others from the far Left.

Certainly, there was growing concern about this situation. I don't know how much intelligence there had been in the preceding few months, for example, on what the communists were planning and which communists were infiltrating back from exile. There was always a justified concern that the far Left taking over the country would present a serious problem for the United States. There were many military people who were despotic and corrupthe remains of the half century of dictatorship. Who could know what would happen? The only thing that provided any effective counter to the communists was the Dominican military, whose officers were showing a great propensity to take asylum in Latin Embassies. The social democrats were much more numerous than the communists, but they were generally peaceful. Social democratic leaders were middle class. They had not encouraged the killing of the police; by Tuesday some of them were already becoming targets of the communists. After the fact it seemed to me that many of the critics of Johnson saw the probable outcome as a return to a Bosch government which the U.S.

could support. Such an outcome looked possible on Sunday, but by Tuesday the Bosch supporters were themselves on the run.

The situation developed incredibly fast. I had been in an extreme minority in the Embassy when I suggested we should request that US Navy ships appear off shore to show some American interest in the situation and improve our own security. In fact, unrelated to what I had said, within a few days we had over 20,000 US troops on the ground.

Q: And you met them as they arrived.

BUSHNELL: Yes. To return to the story and try to get the sequence right, on Monday night it was decided to evacuate Embassy dependents, unessential people in the Embassy, and other American citizens. By this time naval forces were reaching the area. We were going to have Navy ships to evacuate Americans on Tuesday morning. On Monday evening I telephoned my wife and told her to pack one bag plus little ones for the babies as they would have to leave in the morning. By this time we had two babies and diapers to carry. I finally went home Monday night some time around midnight. I set the alarm for 4:30 AM. The plan was to gather those being evacuated at the Embajador Hotel, which was the luxury hotel only a couple miles from the Embassy, and then proceed in a convoy of cars to the port of Haina, about 20 miles west, where the Navy ships would come into port. We had no problem getting to the Embajador Hotel before six, but the situation there was confusing. I could tell that we would not be leaving for a few hours. I believe someone from the Embassy told me the ships were not yet in Haina and we would not leave until it was confirmed that they had arrived. Thus I checked into the hotel and got a room so the babies could sleep. Most of the Americans both official and business as well as some tourists were just hanging around the lobby. I did not have any evacuation assignment, so after awhile as the confusion and crowd grew, I went up to the room to get a little sleep. A couple of hours later there was suddenly a lot of shooting right outside and some sounded as if it were inside the hotel.

Q: Where were your wife and children?

BUSHNELL: They were in the room with me on perhaps the sixth floor. Hearing the shooting which continued intermittently, I went downstairs to see what was going on. I found that a radio station had announced that Bonilla Aybar was at the hotel trying to escape with the Americans. Bonilla was an owner of the newspaper Prensa Libre who was very anti-Bosch and anti-Left. He was a rabble rouser of the Right. Thus this gang or gangs of insurgents, a big group of insurgents, had come to the hotel to prevent his escape. They were mainly firing in the air and at the hotel windows and demanding we turn over Bonilla or they would come in and get him. None of the insurgents I saw when I first went down were wearing any uniforms. I don't know what provoked the shooting. Members of this gang were quickly all over the hotel, and they said that they weren't going to let anybody leave until they had searched the hotel and found Bonilla. Or, as they put it, “until we deal with this guy.” Their view was that we had him with us and we were protecting him, but, of course, we didn't have him. I couldn't say he wasn't in the hotel. How could I know that? He might have been in the hotel, for all I knew.

Anyway, once I got down to the lobby I tried to talk with some of these street-fighters. I explained to one that my wife and babies were upstairs and urged that they stop the firing. He offered, in fact practically demanded, to send a couple of his men upstairs to guard them against any harm. Perhaps he just wanted to get better access to the hotel rooms. I went upstairs with a couple of teenagers; I believe one was in a Dominican Army uniform, and both had rifles and bullet belts over their shoulders. After I let them see the room with the babies crying and no Bonilla, I convinced them to stand guard outside the door where they could observe the hall.

I returned downstairs to continue the dialogue. After awhile a Dominican Army Lieutenant Colonel showed up with some apparently regular troops in uniform. He had joined the Rebels, as did a certain number of other Dominican officers. It happened that this Lieutenant Colonel was the brother of the President of the Dominican Central Bank, a

close contact of mine. I introduced myself to him. He knew who I was because his brother had spoken of me. We sat down in the lobby of the Embajador Hotel. I said: “Oh, you have a brother in Washington at the annual meeting of the Inter-American Development Bank.” He said: “Good for him. He's out of this situation.” This Lieutenant Colonel agreed that he didn't want to interfere with the American evacuation which I told him had been approved by both the military not in rebellion and some leaders of those that were. However, he said his group had to find Bonilla if he were there. He wanted to calm everything down. He was fairly effective in getting some control and stopping most of the shooting. There were certainly a lot of kids who were not under his command. But he and his regulars assumed some control.

Then we were able to work out an arrangement for the evacuation of the Embassy families. He agreed that our families would leave the hotel in small family groups and walk to their cars; he and his men could observe that we did not have Bonilla. Then, only after all the Americans departed, would he search the hotel. So we began loading up slowly. Lt. Colonel Fernandez sent one of his officers upstairs with me to relieve the guards on my room and escort my family down and to our car. The insurgents didn't find Bonilla, so I guess that he wasn't there. He told me he wasn't days later when I escorted him to the airport from the Guatemalan Embassy.

We drove in a convoy, or really several convoys, to the evacuation port without further incident although there were insurgent forces at a couple of checkpoints . The evacuation point was a sugar warehouse and pier. It was about 11:00 AM by this point. They were loading people on an LST [landing ship tank] slowly. It was hot by now, but I kept my family in our car until the line was reduced. Then I introduced myself to one of the ship's officers, and he sent a crew member to help my family on to the ship. I waited awhile and then drove back to the Embassy. Over 1000 Americans were evacuated by ship that day.

Later that day, Tuesday, Washington extended our help to citizens of friendly countries to help them evacuate. I was assigned to get in touch with some other Embassies

to coordinate this evacuation; there were also many more private American citizens who arrived too late for the first evacuation. The Embajador Hotel continued to be our safehaven point. It was increasingly difficult to move around the city on Tuesday as I tried to get in touch with other Embassies; also the phones were working less. That night I returned to my room at the hotel as the next day, Wednesday, we were going to send people out by helicopter to the ships from a big polo field next to the hotel.

Q: How many other Americans needed to be evacuated?

BUSHNELL: There were other American citizens who wanted to get out, as well as many third country nationals. The situation wasn't like it is now with a great many retired people and tourists in the DR. But there were many Dominicans who had migrated to the States and obtained citizenship but then had come back for extended visits or even to live but now wanted to escape the violence. There were also quiet a few American businessmen and their families, as well as the British, French, Canadian, Dutch and others.

Ambassador Bennett came back from the U.S. on the day when we began to evacuate Embassy dependents. He told me to set up the evacuation program and to get the word out to other Embassies and the business community that people should come to the Embajador Hotel and we would take them from the hotel by helicopter to the ships lying off the coast. I think that it was on the same afternoon that the telephones stopped working.

Q: Were people getting paid anything?

BUSHNELL: The economy was completely stopped. In Santo Domingo anyway there was no economic activity. Almost all businesses were closed. People who were not active in the struggle stayed hidden in their homes. The situation was increasingly dangerous. A lot of people were killed.

Q: I expect that they would be concerned, don't you think?

BUSHNELL: I wouldn't say that most people were getting panicky. I was busy doing my job, but I didn't really observe anything like panic. Some people coming to the hotel on Wednesday for evacuation were very scared. Some had witnessed killing at their homes or businesses. I had to figure out how I was going to notify other Embassies of the evacuation arrangements because the telephones weren't working. I set up a kind of chain so that one person would get in touch with another. I was negotiating my way around Santo Domingo to get to the other Embassies and tell them about the evacuation program. They were asked to contact their citizens. I spent the whole afternoon getting around to as many Embassies as I could. In retrospect, I suppose this movement may have been foolish because the Department of State could have informed the various Embassies in Washington a lot quicker than I could negotiate my way around Santo Domingo and most major embassies were in contact with their capitals by radio or other means.

On the Wednesday we evacuated hundreds of people from the polo field next door to the Embajador Hotel. We processed people in the lobby with the help of personnel from friendly embassies. I organized some Peace Corp volunteers and later some younger businessmen, after their families departed, to run a motor pool ferrying people out to the polo field where the helicopters picked them up to take them to the carrier. We had some Embassy and AID vehicles and cars and pickups left by departing businessmen who gave us the keys. We really had a lot of people to move in the morning, so we decided the evacuees couldn't take any large bags with them. We limited them to one small bag each. The helicopters could take out more evacuees this way. I was at the evacuation point all day. I don't recall how many people we evacuated in this way, but we probably moved far more than 1000. This was a considerable logistics operation. By about 3:30 PM most of the foreign community had been moved out; at least few people were arriving at the hotel.

We were mainly taking out the baggage which had been left behind. I said to the Navy guys who had come in from the ships to coordinate the flights: “Why don't we cut down on the flights? Instead of having eight helicopters in each flight, let's cut down to four

helicopters, because we don't have all that many people to evacuate and not even many more bags.” They passed this recommendation by radio to the US Navy carrier off the coast. The next flight to come into our emergency landing zone was another eight helicopters. I figured that it was the usual thing with the US military; it takes forever to get things moving or stopped, and I shouldn't have expected the Navy would cut down on the flights right away.

These eight helicopters landed in the place where the other helicopters had been landing on the polo field next to the Embajador Hotel. The doors of the helicopters opened, and about 10 American Marines jumped out of each, in full battle gear, wearing steel helmets and flak jackets and carrying rifles. They ran about six paces forward, out from under the helicopter blades, flopped down on the ground, and pointed their guns ready to do battle. I was the person nearest to them, and they all seemed to be pointing their guns at me. I thought to myself: “Gee, I've enough trouble dealing with the Rebels around here. I don't need American soldiers.” My first reaction was: “What a terrible time to practice a landing. Doesn't the military know we have a serious situation here.” I was very disappointed and said: “Who's in charge here?” There was no officer in this first wave of American troops. However, almost immediately behind the first flight of eight helicopters another eight helicopters landed and another group of Marines went through the same drill.

The second wave of helicopters included a Major, who was in command of all of the troops. He said, “My orders are to reinforcing the Marines at the Embassy. Where's the Embassy?” I said: “It's over that way,” and I pointed in the general direction. He said: “Okay,” and started organizing his force. I said: “Are you going to walk all the way over there? It's two or three miles.” He said: “They can't bring the helicopters in any closer, because they're under fire.” I said: “They're what?” The officer said: “They're firing at the Embassy.” Well, over the past three or four days somebody had been taking pot shots at the Embassy. I thought these were just isolated shots. I said I had some transportation

available and could transport the Marines to the Embassy. The officer said: “That would be great!”

The Marines loaded up on our pickup trucks and in a few cars, and the drivers helping with the evacuation took them to the Embassy. After a while, the people I had working with me came back to the Embajador Hotel. They said: “This is the damndest show!” They were disorganizing getting into the pickup trucks. I said: “Did anybody shoot at our trucks?” They said: “No, but if they had, the Marines weren't organized and ready to shoot. As soon as we got to the Embassy, the Marines jumped out of the trucks and lay down in firing position just as they had done on the polo field in front of you.” I later noticed that every account of this action said that, when the Marines arrived at the Embassy, they went immediately into combat! There were some gangs in the area of the Embassy and for that matter also of the polo field, but no serious opposition.

Q: There were at least some American casualties, weren't there?

BUSHNELL: Not a lot, but a few over the next weeks. About 25 American troops were killed, a few by friendly fire, and quite a few were injured.. I have another story about the Marines who landed at the polo field. The next day, when I went to the Embassy to find out what was going on, there was a lot of firing at the Embassy despite, or perhaps because of, the considerable number of Marines around it; it was basically kids firing from some houses near the Embassy, not an organized attack.. Our Naval Attach# office was headed by a senior Marine Corps officer who had just been reinforced by 150 or more Marines from the carrier task force. He said that the Embassy needed protection and he was putting Marines all around the Embassy grounds. I asked: “What good is it going to do to put these Marines out on the perimeter? The Rebel kids are likely to aim at them and hit them or us.” He said: “I know, but what am I going to do?”

I asked: “What's the best military tactic in this situation?” The colonel said: “The military tactic is to take a bunch of troops who know what they're doing and go around behind

these houses from which someone is shooting and come in the back door. That would take care of the problem." I said: "Why don't you do that?" He asked: "What are the rules of engagement?" I said: "I don't know what the rules of engagement are, but, if people are shooting at me, I think I have the right to shoot back. The Marines are here to protect the Embassy. You're supposed to worry about the people who are shooting at us." He asked: "Whom do I need to check with?" I said: "You're the guy who has the Marines." He told me a week or so later he really appreciated my giving him the okay to do what the Marines needed to do. After that night, I don't recall anybody shooting at the Embassy. Americans, including myself, were shot at by the insurgents away from the Embassy compound, but the Embassy was safe.

Q: How did the situation evolve? Was there a sizable contingent of US troops sent in to occupy the Embassy compound?

BUSHNELL: On Thursday many more Marines landed. By Friday morning the 82nd Airborne had taken the main airport. The OAS [Organization of American States] soon decided to send in troops from various member countries. During the next week troops came from several countries, but the first troops were from the 82nd Airborne Division and the Marines, and American soldiers did most of the work to stabilize the situation. But it was important to have the political support from throughout the hemisphere through the OAS resolutions.

To catch up with another key element of this story I should add a bit about the fighting on Tuesday, the day my family was evacuated, and Wednesday when we evacuated from the polo field and the Marines came in during the afternoon. Santo Domingo is located on a river. The bulk of the city is on the Western side of the river, while the international airport is on the Eastern side of the river. At the time there was really only one bridge across the river in the city. It was not until Tuesday about noon, I had just returned to the Embassy, that General Wessin moved toward the city of Santo Domingo with his armored force from the East where he was based. At this point the bridge became key. It was

located next to a poor area, a slum area, on its western (city) side. There were thousands of people near the bridge, and somebody, I have no idea who it was, started organizing these people, men, women, and children, and lined them up near the western approach to the bridge. When General Wessin y Wessin and his column of tanks crossed the bridge, they basically had two choices. They could start shooting and move forward into these hundreds or even thousands of people with great bloodshed. Or Wessin's column could stop or return to its barracks without entering the main part of the city which was held by the civilian Rebels. There were only the two choices. The other way by which the tank column could enter Santo Domingo was to go many miles around and up river and them down the other side. The tank column stopped and sat there. The crowd celebrated a great victory. I guess that it was the following Monday or Tuesday, a week later, that the tank column crossed the river further up and some of the tanks entered the city from the North.

Stopping the tanks was presented as a great victory for the insurgents, who were trying to develop some kind of organization and get somebody in charge of the city itself and then extend this to the rural areas of the country. Everything continued to be chaotic because the crowds sensed that there wasn't any government in charge.

Q: Ambassador Ellsworth Bunker was very much involved there.

BUSHNELL: He was the American Ambassador to the OAS [Organization of American States].

Q: Did you get to know him?

BUSHNELL: Oh, yes, I was assigned to him. There was an area, mainly the center of the city, which was held by the Rebels. They had an area covering a couple hundred blocks where they had many supporters. They limited access to that area, so moving from one side of the city to the other was difficult.. The American forces surrounded this area and

protected a corridor across that key bridge to the main airport. Eventually, the Dominican Army was able to control the areas around the city.

Eventually there was a Committee of “Three Wise Men” from the OAS which assumed the main role of arbitration. The three were American OAS Ambassador Ellsworth Bunker; Salvadoran Ambassador Clairmont Duenas, and Penna Marinho of Brazil.. This committee came to Santo Domingo in an effort to negotiate a solution to the standoff situation. One of the first among many problems in the Dominican Republic, was getting the economy working. I was assigned, and I don't mean a formal assignment in Washington but an in-place detail, to the OAS [Organization of American States]. I was given an OAS armband, which I wore as part of the OAS Emergency Mission. The OAS sent other people to the Dominican Republic, as time went on, including the Secretary General of the OAS.

But I am getting ahead of the story. A few days after the troops arrived, I was still staying at the Embajador Hotel, which we had taken over to provide a secure place to stay. One evening I saw Tony Solomon walking through the lobby. I said to him: “What the hell are you doing here?” He said: “The President sent me down to work the economy.” With him were Bill Stedman and Gerry Lamberty of ARA and Adam Yarmolinsky, Principal Deputy Assistant Secretary of Defense (International Affairs). I asked where they were staying, and they indicated they did not have any plan. I suggested we reoccupy my house, which we did. They lived, or one might say camped, with me for a couple weeks. Actually it turned out much better than camping or eating military meals-ready-to-eat. Because Adam was a senior Defense official he had military aides who would helicopter out to the ships and bring back steaks and other real food, which was hard to find in Santo Domingo. Fortunately, our maid returned to cook for us within a couple of days.

Before I ran into Solomon in the hotel we shared one other Dominican experience. Before the troops arrived, soon after families departed, Solomon reached me on the phone. He said he was at the White House. President Johnson was looking at all of these reports about fighting and unrest in the northern and western parts of the Dominican Republic.

He said: “What do you make of all that?” I said: “I don't know anything about it. I haven't heard such reports. Nobody's moving around. Everybody's staying at home. These reports sound exaggerated, but I can't say they're not true.” He said: “We've got to find out. The President wants to know what is going on and not just stories from overheard phone calls. Why don't you send some people out into the countryside to find out?” I said: “What people are you talking about? I don't have any people with the experience and guts to wander around the countryside which is certainly not secure.” He said: “We will send you people to do this.” I said: “It's a very uncertain situation. It requires people who are fluent in Spanish and self-starters who can take care of themselves and are experienced in Latin rural areas and imaginative.” He agreed. I thought to myself that it would be a few weeks before we saw many people meeting these requirements.

But, a few hours later Solomon called me back and said: “You have people coming in from all over the Western Hemisphere. We're getting out orders to AID and State people. Everybody's fluent in Spanish. Everybody's senior. You're going to have Navy communicators who will establish a real-time communications system. Make up teams of the officers and communicators. They'll be coming in tomorrow.” [Laughter] I was amazed. I remember Larry Harrison from San Jose and Larry Pezzullo, who later told me that he was telephoned from the Embassy in Bolivia in the middle of the night. The Embassy had received a NIACT IMMEDIATE [Night Action, IMMEDIATE priority telegram], which meant that the Embassy had to take immediate action on it. He said that he rushed to the Embassy to read the telegram. It was very short. It said: “You're to be on Flight So-and-So leaving at 6:00 AM. You're going to the Dominican Republic. Bring appropriate clothing and a flashlight with batteries.” [Laughter]

The Department of State sent very high quality people. They were pulled with no notice from all over Latin America to fly to Miami and then on military aircraft to the Dominican Republic. I was certainly impressed by what an order from the President could do. I set up a plan for these officers to go out in pairs, each with a Navy communicator, to seven different areas of the country. They said: “What are we going to do for vehicles?” I said:

“There's a car rental place down the street. Go down and rent some vehicles.” They rented vehicles and headed out in different directions all over the country, on the assumption that something important might be going on anywhere. My office in the Embassy Annex in Santo Domingo was set up as the center of the communications system with a couple of Navy communicators always on duty. Somebody suggested, and it wasn't my idea, that this was like having Old Mother Hubbard and her seven cupboards. They were soon sending in reports that they found people starving but virtually no political or military activity. However, people in some of these areas had probably been starving for 300 years or so. At any rate I could soon report with confidence to Washington that the countryside was calm and normal.

I found Deputy Assistant Secretary Tony Solomon at the hotel about six in the evening and we then reoccupied my house. We then went to the Embassy to get to work. After my brief description of the economic situation, Tony said, “We must get food into the city and distributed.” One of the officers asked me: “Where is rice stored?” I said: “I don't know for sure, but I think there is a warehouse inside the Agricultural Bank a dozen blocks away.” Tony said: “Let's go over there and find out.” By this time it was well into the evening, perhaps 10:00PM. Tony Solomon and Adam Yarmolinsky, and perhaps Bill Stedman also, got into my car. The American military had provided me with protection by this time because people had shot at my car on several occasions. I was assigned a jeep, or, rather, one of the vehicles now called Humvees [which had replaced the jeeps in the US armed forces] to follow me around everywhere. There was a machine gun mounted on the top of the Humvee, controlled by a soldier. This made it a lot easier to move around.

I drove my car followed by the machine-gun jeep and then a car with the rest of the Washington visitors. We pulled into the parking lot of the Agricultural Bank. Suddenly rifles appeared seemingly from everywhere in the building. All aimed at us. I should have anticipated that the Agricultural Bank would have more than its usual guards and that they would be nervous at night in the middle of such chaos. They didn't know who we were or

what we were doing. But for the deterrent effect of the machine gun on the Humvee they might have opened fire. It was a nervous moment.

We explained who we were and, once we got out of the car and walked up to the door, what we wanted. We were politely directed to the house of the manager of the Bank. We went three or four blocks up the street. The houses were completely dark. We tried to raise somebody a the Bank manager's house, but could not. Later I learned he and his family were at home, but they were terrified that we were some sort of a kidnapping squad.

The next day I located the manager of the Agricultural Bank. It didn't have a warehouse of any significance at the Bank itself, but the bank had warehouses in the countryside. We arranged a deal by which we would send them rice under the PL 480 arrangement [US surplus agricultural commodities] as soon as we could to replace rice they had and they would truck in that rice to feed the city. Then the Agricultural Bank couldn't find trucks to bring in the rice, so we had to hire trucks ourselves. We distributed this rice free to get food to the people. I drew cash on AID's account from the Central Bank, and some of my volunteer businessmen and Peace Corp volunteers arranged the trucks and paid the drivers in cash, including reimbursement for bribes paid at checkpoints to the “loyal” Dominican military or to Rebels; both had checkpoints around the city.

Because of the highest level support in Washington our team was able to do things which otherwise could never have been done and to do them with speed and efficiency. One of the major problems was that all banks were closed; merchants really did not want to sell what stocks they had because they had no place to deposit the cash received and were afraid it would be stolen. Most people had exhausted what cash they had and could not access their bank accounts for cash or to pay their employees. The main offices of almost all the banks were in the downtown area, except for the Central Bank and the Ministry of Finance, which were both outside the central city, as were the American Embassy and most of the other Embassies. There were branches of several US banks in Santo Domingo, and senior US managers were generally still there, but they had no access

to their offices and safes in the Rebel area. We asked what it would take to get them operating in temporary locations. They said they would have to have guarantees against loses. Tony Solomon said: “That's great! We'll give them guarantees from the Overseas Private Investment Corporation [OPIC].” I said: “What kind of a guarantee is that?” He said: “I don't know. We'll give them whatever guarantee they need.” He got on the phone to Washington.

I don't know what they did in Washington. But a day or two later I met with the local managers of the National City Bank and Chase Bank [two large New York banks]. They were as surprised as I was, but they had been notified by their head offices that a guarantee was being provided and they should coordinate with our team and get up and operating in temporary locations. Within 24 hours they had located their tellers and other employees and opened for business in a couple of locations outside the central center where I arranged for American military presence for security. They had some back up records and the knowledge of their managers concerning some of their customers to whom they were prepared to advance funds from their accounts, and of course they were prepared to accept deposits from both old and new customers. Toward the end of the first day they were open I went to the National City Bank. I found there was money, in cash, everywhere. Money was stacked up covering the desks of the managers and stacked in the corners of the rooms. I never saw anything like it. Everybody was coming to deposit their money.

Q: Was it in American dollars?

BUSHNELL: No, in Dominican pesos, which at that time exchanged for US dollars on a one for one basis. Many merchants had sold their stocks in the preceding days. Given the lawlessness and insecurity people with cash were eager to put it in the bank as soon as the bank opened. People were coming in with these gigantic cash deposits. The banks couldn't find enough tellers to count the money. One bank manager told me he was going

to operate 24 hours a day. I said: “That's unheard of.” He said: “I never had business like this and a guarantee like this!”

With the OAS forces providing security, produce began coming in from the countryside. In some cases the Mother Hubbard teams were able to encourage such shipments. There were still major food problems for people in the downtown area of Santo Domingo which the Rebels continued to hold. Otherwise things quickly began to get back toward normal. At least food was available; power was restored, and water was never cut off.

One of the problem areas on which I spent the most time was getting the Central Bank of the Dominican Republic functioning and keeping it from being misused by the Dominican military . I had a couple of good US educated friends, who although young had senior positions at the Central Bank. I would stop by to see them almost every day at some point, at first at their apartments which were not too far from the Embassy and later also at the Central Bank once they returned to work. They had sources all over the city and gave me a great deal of information on what was going on, both economically and politically.

In the first days of the uprising the Central Bank, which was just a couple of blocks up the street from the American Embassy, had come under fire, and the telephone system had been knocked out. There were many divisions among the senior staff of the Bank with some officials supporting one or another side. Coupled with general fear and the physical destruction, the Bank staff was simply not operating. My friends said Bank President Fernandez, who was in Washington at the annual Inter-American Development Bank meeting, was needed to bring the staff together. We wanted to get the Central Bank operating so the National City Bank and Chase would have some place to put all the cash being deposited in their new branches. I called the Department of State, and officers there arranged to get Fernandez back to Santo Domingo.

Q: Whom did you call in Washington?

BUSHNELL: I don't remember. It might have been Ken Crockett on the Dominican desk in the Department of State or someone on the Dominican Task Force; I don't recall.

Q: Was Crockett the Director of ECP [economic affairs] on the Dominican desk?

BUSHNELL: Crockett was head of the Dominican desk. I might have talked to Don Palmer of ECP. I think I also put the gist of what I had learned in a cable to the Department; during that period I was preparing a wrap-up cable every evening, largely covering economic matters. Anyway, within hours someone called me to say the President of the Dominican Central Bank would return to Santo Domingo the next day at a certain hour and I should meet him at the airport. I went out to the airport with my trusty Humvee with the machine gun behind me.

The US Air Force plane landed with the President of the Central Bank. Both the Dominican and US military officials at the airport were sort of nonplused. He was the only passenger on the Air Force jet direct from Washington. I was driving myself. He got in my car planeside where we had been directed by the troops guarding the airport. I was using a car left behind by some businessman because my personal car was out of gas. We drove into Santo Domingo. We didn't go in the most direct way through the city because of the Rebel strong points. Instead we followed the corridor controlled by the OAS forces. All of a sudden the machine gun on the Humvee behind us opened up [began firing]. I'll tell you, an experience like that, particularly when you're not expecting it, is a big shock. It was all I could do to avoid crashing the car. I saw nothing to provoke the firing. If I had seen somebody pointing a gun at us, I might have expected this gunfire. However, I was engaged in conversation with Fernandez, the President of the Central Bank, explaining what was going on in the economy. All of a sudden this machine gun right behind us opened up. Fortunately, I didn't lose control of the car, and I wasn't going very fast. We didn't stop but went on to Fernandez's house. We went into his house where his family was delighted to see him. When I came out, I asked our military: “What caused all of this firing?” They said: “It looked as if some guy was pointing a gun at us on the roof

overlooking us." It really was a scary episode. It was more of a problem for Fernandez than for me. I was at least aware of the general situation. Fernandez was not fully aware of it, at least until that point. Even several years later, when I saw Fernandez, he said he still hadn't fully recovered from that shock. He said that he would wake up in the middle of the night and think that he was hearing shooting.

About a week after the OAS Forces landed I began hearing that the Dominican military and the so-called government they had then organized, which largely controlled the country outside the city of Santo Domingo, wanted access to the funds in the Central Bank. The Dominican Army was planning to strengthen itself politically by taking out a big loan, obtaining the money from the Central Bank and distributing it to its various units. They were pressuring the members of the Board of Directors of the Central Bank to vote to give the Army this loan. When some directors refused, the de facto government replaced them on the Board. No newspapers were publishing so there was no public source for what was going on. However, notes would be placed on my car letting me know that someone was replaced or some action taken; also my Central Bank friends worked hard to keep me informed.

One evening I was told by my Dominican friends that the Army only needed one more vote on the Board of Directors of the Central Bank for authority to take out this big loan. Therefore, since I was then Economic Adviser to the OAS Mission in the Dominican Republic, I reported to Ambassador Bunker and to the other two members of the OAS Ad Hoc Committee that placing such a large amount of money in circulation would cause serious inflation and force an eventual devaluation of the Dominican peso, which had been at par with the dollar for a century. The OAS Committee decided the Central Bank, which was in the zone controlled by OAS forces, should not extend the loan to the Dominican Army. To implement this decision Ambassador Bunker and I met that night with Lt. General Bruce Palmer Jr., who commanded the US forces and was Deputy Commander of the Inter-American Peace Force. General Palmer assigned an 82nd Airborne unit to me.

The officers of that unit worked with me to develop a plan to prevent this Dominican Army raid on the Central Bank.

The following morning, I went to the Central Bank with about half the couple hundred troops assigned. The troops deployed in small groups all around the outside of the Central Bank which occupied a full city block. The other troops were nearby in reserve. I went into the building and told the senior officials of the bank about the OAS decision. They had already observed the American troops all around the bank. I told the bank officers, most of whom I had worked with before, that we didn't want to handle this matter in a confrontational way and that I hoped we could work out procedures such that the Bank could keep working and our troop presence would be as inconspicuous as possible. The Bank managers were cooperative. They arranged to have all the weapons in the Bank turned over to some of the American troops whom I brought in to occupy the garage under the building. The troop presence outside the building was reduced to a minimum. Procedures were established such that the only Bank entry and exit was through the garage. The American troops would search any containers leaving the building, and cash could leave only with written permission from me. Of course if someone had a little money in a hand bag or wallet, that was alright. There was no restriction on money coming into the Bank. At this point few Bank employees were coming to work, so the troops gained experience with monitoring the flow of people before the volume was great. The Bank gave me an office and a secretary, and for the next weeks I spent a few hours most days in the Central Bank.

The first day the American troops worked hard to get their positions well established. They set up a recoilless rifle just inside the garage aimed at the driveway down to the basement. The next day a truckload of Dominican Army soldiers pulled up at the Bank. Some American soldiers told me it was two truckloads of soldiers. The Dominican soldiers had their weapons at the ready. The officer in command of the American Army detachment ordered the garage door raised which revealed the recoilless rifle pointed more or less at the Dominican Army truck with the crew aiming the gun. The Dominicans saw this

impending confrontation, and two of the Dominican soldiers literally ran away. They just took off. The American troops thought that was a terrible example of discipline. The rest of the Dominicans got back into their truck and drove off, and that was the last we saw of them. One of my Dominican friends told me he had heard that the military sent this unit to challenge the Americans and get money from the Central Bank.

The operation at the Central Bank ran smoothly. But there were problems at the Finance Ministry, which was located a block and a half down the street from the Central Bank. After the military situation was more or less stabilized for a couple of weeks the so-called loyal Dominican military was attempting to establish a civilian government the OAS mission could work with. At one point I was sent by Ambassador Bunker to deal with some of the Dominican military and politicians who were selecting cabinet officers for this new government. Ambassador Bunker told me the Dominicans had agreed to appoint a Minister of Finance, a Minister of Agriculture, and perhaps other cabinet officers who, in Bunker's words, “Would be acceptable to me.” The three or four Dominican Army officers and civilians had a short list of about four names, and those on the list were among the biggest crooks in the country. It was as though they were making a list of the most corrupt. [Laughter]

It was disconcerting to me, because it seemed awkward for me to reject everyone they were suggesting. Thus I went into a long explanation of how whoever was selected would have to make a lot of unpopular decisions to get the economy working. Thus, I said, it would be a disaster for the long-term political career of those selected. The Dominicans said they had not thought of that aspect and their candidates might not like that aspect. I also mentioned in passing the need for honesty. They asked me for suggestions. I said: “Why don't you pick some career person who has had much experience in the Ministry of Finance to run it?” They ultimately picked a man who had worked in the Ministry of Finance for some 30 years, including under the Trujillo dictatorship. This man was a good, solid technician, so he became the Minister of Finance.

I would call on this newly-appointed Minister of Finance every day and see how things were going. He was having lots of problems because he wouldn't give the Dominican military much money. When I went into his office one day, probably not more than a week after he was appointed, he said: “John, I can't do this job.” I said: “Why not?” He said: “Just look at the ceiling”. Sure enough the ceiling was full of bullet holes. He continued: “I have a lot of problems with the Dominican military. When I tell them I wouldn't give them money, they threaten me and start shooting.” He said: “I can't stand up to them. They've got all of the guns.” I said: “The thing to do is to have a rule that no guns can be brought into the Ministry of Finance.” He said: “That would be a great idea, but how will you do it.”

I discussed the situation with Ambassador Bunker and General Palmer. Then with their authorization I took some American troops from the 82nd Airborne Division and stationed them around the Ministry of Finance. I gave them the order that no guns could be admitted to the Ministry of Finance. Seldom in diplomatic life are you ever able to do anything where you can see an early direct result of what you do. But the next day, or maybe it was two days later, I was walking from the Central Bank the block and a half to the Ministry of Finance. When I saw a couple of cars halt in front of the Ministry of Finance. A bunch of Dominican military officers got out of these cars. I could see that they were armed, mainly with side arms, although some of them had rifles. I quickened my pace to get to the Ministry of Finance and see what was going to happen. A big soldier from the 82nd Airborne, I think he was a Private, although I don't remember what his rank was, and it isn't important anyway, was the only American soldier visible on the scene. He was standing guard at the main entrance. There was also a big guard post inside the building, and another post in the back. He was faced with about 10 Dominican soldiers.

One of these Dominican soldiers, an officer, probably a Colonel, started to march up to this American soldier and appeared about to walk right past him into the building. The Colonel may have said something to him, although the American soldier probably didn't understand what the Colonel said. Then the American soldier executed what I consider

a perfect maneuver. As the Colonel approached him, he brought up his M-16 rifle, which had a bayonet fixed to it, and placed the blade of his bayonet right up against the Colonel's neck. That Colonel stopped short because he was right up against the bayonet. There was a very noticeable pause. Everybody held their breath. Then the Dominican Colonel turned around, waved his hand, and all of the Dominican troops got back into the cars and drove off, burning rubber.

As usual, there were a lot of people standing around on the street, vendors, the unemployed, and others walking by, who, the minute the Dominican troops left, all broke out in cheers. They applauded the American soldier. They were yelling in approval that this one American soldier had turned back this Dominican Colonel from the Ministry of Finance. I walked over to the American soldier to congratulate him. After that, there were no more such incidents in front of the Ministry of Finance. I put the soldier in for a commendation.

Q: You were reporting directly to Ambassador Bunker. What was Ambassador Bunker's role during that period?

BUSHNELL: Ambassador Bunker was the US member of the three person OAS Ad Hoc Committee supervising the maintenance of peace and the return to normalcy in the Dominican Republic. I wore my OAS armband. The things I was doing, and we were doing, were in the name and under the aegis of the OAS. The couple of hundred US troops deployed in and around the Dominican Central Bank also had OAS armbands as did those deployed at the Ministry of Finance. However, my OAS role was not a formal assignment; I continued to operate as a part of the Embassy staff and to report to the Economic Counselor and Ambassador Bennett.

Gradually, the situation calmed down after the widespread fighting and looting during the first week of the rebellion. Troops from other, Latin American, countries arrived in the Dominican Republic. These troops contributed to a strange and an amusing situation for

me. My main job was trying to get economic activity restored in the face of the political stalemate with the Rebels holding the downtown area of the city, surrounded by the OAS military, and the Dominican military, what was left, controlling the rest of the country. The political stalemate wasn't my problem, but my concern was to take steps such that this political stalemate would not continue virtually to stop the Dominican economy for an indefinite period of time.

We were trying to get the Dominican economy going. One problem was that a lot of people were Dominican Government employees, and government employees had not been paid. In the private sector many employers found ways to give their people at least some money. We decided Dominican Government employees would be paid with USAID [Agency for International Development] funds. We would extend loans and use the money derived to pay all of the Dominican Government employees. These generally quite poor employees would, of course, spend their wages quickly, generating a surge in demand and economic activity.

Paying the civilian employees of the Dominican Government wasn't difficult. I worked with the Ministry of Finance people. The Dominicans designated various sites where salaries would be paid. They had the payrolls on hand for the previous month and used them to pay Dominican Government employees. However, it was not so easy to pay the Dominican military. In my view, it was important to pay the Dominican military. We couldn't afford to let them go hungry. At the same time, I knew there were a lot of ghosts in the Dominican military [phantom soldiers who really didn't exist]. This had also been the case in the Congo and in South Vietnam. The Dominican commanders were paid for the number of troops on their rosters. If they had a roster of 100 troops, they would pay those, say 50, actually present, and the commander would pocket the salaries of the other troops listed but not actually present for duty. Sometimes these extra funds would be used for food or other supplies, but usually they went into the officers' pockets. I didn't see any way that we could pay ghosts and give that windfall to a bunch of Dominican officers who where doing very little to overcome the major problems of the country. The proportion of

ghosts would now be even larger because quite a few actual soldiers had simply gone home during the fighting.

When I reviewed this issue with Ambassador Bunker, he saw a great opportunity to use some of the Latin American officers. American officers, because of the language problem, would not be able to tell if Dominican officers were paying only those physically present. But officers from other Latin countries, who had had far more experience with ghosts and also had the language, could do so. We told the Dominican military we would send Latin American officers with the payroll list which they had used the previous month and the cash to pay the troops to each unit. Copies of these payrolls were on file in the Ministry of Finance. I was fascinated with the process they worked out. The Dominican commanding officers would call the roll. The soldiers would come forward and, after identifying themselves, the Latin America OAS officers would pay them, either counting out the money themselves of watching as a Dominican finance officer did so. If a person was not there, he was not paid. The Dominican Army saw this as a terrible invasion of its rights and thought we should just give them the money. Finally, I told the American officers making the arrangements with the Dominican officers just to tell the Dominicans that there were a lot of ghosts on the payroll whom we weren't going to pay.

The various Latin American military contingents sent groups of officers to be briefed on the operation by American and OAS officers. Each paying officer was assigned a particular unit, or two or three, to pay. Then they came to me to get the cash funds. It was not simple to provide the cash because it had to be in the right combination of small bills so that each soldier could be paid the same amount he had received the previous month. It was quite a big group of Hondurans, Brazilians, a couple of Uruguayans, and other Latin military needing to pick up cash. I actually filled out a receipt and had each of them sign it as they got the money.

By the time we got all the arrangement made, the earliest we could pay was a Monday. The helicopters and vehicles would leave early Monday morning so I needed to place the

cash with the paying officers no later than Sunday night. On Friday I went to the Central Bank before its vaults were all locked up for the weekend. I took out the equivalent of about $500,000 in small bills. With the help of the American soldiers guarding the Central Bank I loaded this money into my Volkswagen and drove the two blocks to the American Embassy. We still had a lot of American soldiers stationed around the Embassy. I said to them: “Will somebody help me bring these boxes into the Embassy?” As one of these soldiers lifted a cardboard box, the top opened, and he shouted: “My God, it's money! I have never seen so much money in my whole life.” I put the money into a large Embassy safe for safekeeping. Then I locked it up, because it was going to be sitting there until Sunday afternoon.

When he heard of this arrangement, the DCM in the Embassy, Bill Connett, said: “John, I know you do a lot of strange things, but something tells me that you've got a safe in there that's absolutely full of money!” I said: “Yes, I do.” He said: “What?” I told him about our role in paying the Dominican forces using officers assigned to the OAS Mission in the Dominican Republic with American troops providing helicopter and vehicle support to take these OAS troops out to the various locations where they were going to pay the troops. The DCM was somewhat nonplused to learn that the Embassy was being used to store this money, but he limited himself to suggesting that I do not do that again.

Of course, most of the officers from these other countries assigned to make the payments were not finance officers. They were usually combat soldiers. They had never dealt with payroll or any other financial matters in their own forces. It was all strange to them. Many had never handled so much cash, especially the Honduras officers. I told them they would have to sign for the money. Either they could use their own people and count the money or leave the counting to me. They naturally preferred to count the money and, fortunately, they counted it right. The Hondurans felt they should personally count the money bill by bill, even the money in packages prepared by the Central Bank and labeled so many bills of a certain denomination.

Q: Were you keeping all of the records?

BUSHNELL: In a time of crisis, you have to be less bureaucratic than at other times. I signed a receipt to take this money out of the Central Bank, so that OAS emergency funds would reimburse the Bank for it. I had had the Central Bank divide the money into pay packets, so handling it was relatively easy. Each paying officer received an amount based on the previous month payroll for the units he would pay. An officer had a payroll, say of $20,000, which he had to count out. We noted on an inventory of the payrolls what OAS officer got how much. When he returned whatever remained at the end of his mission, that amount was also noted. I don't know how much they might have taken, but, as far as I know, the OAS officers didn't rip off anything. Most brought back large amounts, in some cases over half the funds they had taken. We took everybody at their word. I was assisted by a junior FSO on his second assignment overseas.

Q: It must have been an extraordinary experience for him.

BUSHNELL: It was an extraordinary experience for all of us..

Q: Did you send in any reports on this?

BUSHNELL: During this period each day after I would finish at the Central Bank and whatever else I was doing, and after stopping by the Embajador Hotel to see Ambassador Bunker, I would come back to the Embassy...

Q: At 10:00 PM.

BUSHNELL: Often it was 9:00 or 10:00 PM. Then I would prepare a my daily Sitrep [Situation Report] cable on the economic and related situations. I don't know that I prepared a detailed report on paying the troops, but I am sure I covered it in the sitreps. Copies of these reports must be somewhere in the files of the State Department, but I have never seen them

As we began to get the economic situation normalized, Ambassador Bunker began to use me on some military/security matters. Bunker's principal role was to act as a middleman between the Dominican military and its new government and the Rebels in trying to maintain a cease-fire and work out a compromise settlement. He invited me to participate in some of these negotiations, as one of his associates. We had an unstable military situation. The Rebel area essentially had a river on one side, the sea on another side, the 82nd Division on a third side, and the US Marines on the fourth side. The most unstable place was the corner where the US Marines and the 82nd Airborne intersected. The Dominican insurgents took advantage of the limited coordination between our Army and Marine forces. They would go down into that corner of the city in the middle of the night and send dogs and cats running out. Either the Marines or the Airborne would see the movement and would start shooting. Of course many of the bullets would cross the corner into the lines of the other US military organization, which would then start firing back. It was a dangerous and deadly game. I found a Dominican who knew that area of the city well, and he worked with our military to improve our lines so there were fewer friendly fire incidents.

At one point, the shooting started, as it did most nights, in the corner of the city between the Marines and the Airborne Division. But then it spread, and there was a lot of shooting into the downtown area as our military saw mortars and other weapons being used against them from that area. Heavy weapons were used causing a lot of damage and casualties in the downtown Rebel area. On the next morning we had a negotiating session with the Rebels. I went with Ambassador Bunker, the Salvadorian Ambassador, and a couple of others. Perhaps the third member of the OAS Commission wasn't there that day. Shop windows had been shot out all around the government building where we met. There were shards of glass all over the city. There was more damage than I had thought. We were told that several people were killed, although I don't know whether this was true or not. The Rebel leaders were very angry, and the large crowd outside even more angry. The session did not go well despite Ambassador Bunker's efforts to advance an agreement on a cease-

fire and negotiate some access for the OAS to government offices in the downtown area. When we departed, there was an even bigger crowd than usual standing around in the street and the steps of the building. It was angry and yelling at us. I got into the second car, an Embassy car and driver, together with Bunker's State Department interpreter; I believe his name was Barnes. The rest of the delegation was in the first car.

The driver tried to start our car. However, it wouldn't start. The first car started to pull out, with the military escort following. The crowd began rocking our car, back and forth from side to side, yelling at us and calling us murders.. I was afraid that the car might turn over, but fortunately it didn't. Just as some of the crowd seemed to be gathering metal beams to attack our car, it finally started, and we pressed through the crowd to join the convoy.

These were interesting times because one had to become operational in a way which was unusual in the Foreign Service. My days, and evenings, were filled in order to keep up with the operations at the Central Bank, the Finance Ministry, the Agricultural Bank, and the reporting at Mother Hubbard. I also tried to visit contacts to find out what was happening or about to happen. There was a great deal of coordination with the military, Bunker's office, AID, and the Embassy. This was an interesting and exciting time.

There were funny things that happened. As I said, we had all these senior US officers out and around the country - the seven cupboards. I had a little list in my pocket which identified where each team was so, when I got a report that team three reported something, I could remind myself where team three was. The insurgents controlled the main telephone exchange which was downtown, so they controlled the phones. Most of the people I knew said their phones didn't work. However, my phone at home worked most of the time, although I assumed that the insurgents were listening.

One night after midnight the Navy communicators in my Embassy office (Mother Hubbard) phoned me at home and reported that they had just had a message from one of the teams that there was a little shooting in its town. It didn't sound as if this incident amounted to

much, so I hung up the phone and went back toward my bed. Before I reached the bed, the phone rang again. I picked it up, and a male voice said in Spanish: “This Number 3 is such and such town?” I said: “Who are you?” The man at the other end said: “You know, I get paid to listen to the phones.” I said: “Oh, you control my phone.” He said: “Oh, yes, but where is Number 3?” I said: “I've been wanting to call my wife in the United States, but I don't know how to get through to her.” He said: “Oh, I could take care of that. What's her number?” I gave it to him and, sure enough, he got her on the phone. During most of my career abroad I was used to the idea that most of the time my phones were monitored. However, this was one of the only times when it was directly confirmed..

Q: And the listener turned out to be helpful.

BUSHNELL: I just took advantage of him. Why not?

Q: There was a lot of criticism of the United States, in Latin America and elsewhere. People recalled the US “invasion” and occupation of the Dominican Republic of 1916 to 1924.

BUSHNELL: However, this time we were converting the chaos into something like stability. Ultimately, an OAS-supervised election was negotiated and held peacefully. In the normal course of diplomacy you continue talks until people finally reached agreement. I won't go into the details of this process. Some of the Dominican insurgent leaders, Caamano and some of the others, were allowed to go to Cuba. The insurgent leaders were supposed to give up their guns. The Dominican military was supposed to back off, and free elections were to be held. That was basically what was involved in the negotiations.

Q: Ambassador Bunker was the main US negotiator.

BUSHNELL: He was the main negotiator.

Q: I think that he was more or less totally involved in this for a couple of years.

BUSHNELL: A couple of years? I don't think that it took that long. The Dominican presidential elections took place the next year, in 1966.

Q: So what did you think of this experience?

BUSHNELL: I left Santo Domingo at the end of August, 1965. By that time things had calmed down although the negotiations were still going on. As I recall, peace talks continued for a couple of months after I left but were concluded by the end of 1965. By the time I departed the number of foreign troops in the Dominican Republic had been reduced. As things were getting back to normal, my wife was able to return in July, 1965.

Q: She had been in the United States?

BUSHNELL: She had been with her family in New Jersey after a few days in Puerto Rico where the Navy ship took her. She and other dependents were allowed to come back because there really was no longer a major security threat. The only problem was getting around because of the OAS lines and the control of downtown by the Rebels. It was of course disconcerting to have so many soldiers around. But even before the uprising it was not unusual to have the men at the next table in a restaurant with side arms and even rifles leaning against their table. By July, 1965, things had not completely returned to normal, but I had moved out of the OAS offices in the Central Bank, and a lot of things were as they had previously been. The Mother Hubbard operation was closed down before the end of May. By August most of my reporting was back to normal. I had resumed drafting the quarterly and semi-annual economic reports under the CERP [Combined Economic Reporting Program]. I also worked on an UNCLASSIFIED version of a history of our economic involvement in the Dominican Republic in 1965, although it was hard for me to get time to do it. I continued to work on this until I left the Dominican Republic. I wore the OAS armband some of the time until I left.

Q: Well, this was an absolutely unique experience by any standard.

BUSHNELL: In retrospect it was amazing that as a quite junior officer I had had so much responsibility. By July and August, 1965, we had all kinds of additional Americans assigned to the Embassy. The AID Mission was expanding by several people a week. At one point in May or June I counted 25 FBI agents on TDY to the Embassy. One of the things we considered was how useful the Emergency and Evacuation Plan was. I have to admit that I had never seen the evacuation plan for the Embassy in Santo Domingo until I asked for a copy of it after the event. It had assumed that we would be able to evacuate when necessary from the Santo Domingo airport.

Q: So you think that evacuation plans are relatively useless? They might be useful in getting you to think of what might be required.

BUSHNELL: I think we should have good evacuation plans and they should be kept up to date. There are many things that one can do in advance that will simplify and facilitate implementing the plan in an emergency. We evacuated most of the Embassy people, on short notice, without making all of the arrangements that we should have made. Now the evacuation plans are well prepared. All of the details should be in one place so that any responsible Embassy officer can put his hands on it quickly in case of need.

Q: Did you work with other people at the Embassy on the evacuation plan?

BUSHNELL: I had never worked on the evacuation plan. I was assigned to do two things during the crisis. One task was to contact other, friendly Embassies and second to run the evacuation site at the Embajador Hotel. I had a lot of American help in doing this, mainly businessmen and Peace Corp. I don't think I had anyone else from the Embassy helping me aside from several Consular officers who processed US citizens at the hotel and helped contact other embassies.

Q: Did you have help from the Embassy Security Officer or the Marine Security Guards?

This is Side B of Tape 4 of the interview with John Bushnell. As I was saying, did you have any American help in searching for Americans?

BUSHNELL: There might have been a couple of enlisted men from the MilGroup [Military Assistance Office]. I remember at one point we needed two or three people to drive the heavy duty vehicles we had. I don't recall how they arrived or how we got them. However, they arrived. I know that I had an American businessman driving one. The others might have been driven by people from the MilGroup. Of course, the Americans from the Embassy were all involved in getting their families out. They then had other things they were supposed to be doing. I don't remember all of the details, but somebody from the Embassy might have dropped by at some point to help us. I also had people from other Embassies, such as the Canadians, helping. They were particularly involved in helping Canadian nationals who had come for evacuation. The British and the French Embassies also had officers helping us in a similar way. If these people didn't have any of their nationals to help, they would help us with Americans.

Q: Can you tell me how many Americans were evacuated? Were there dozens or hundreds?

BUSHNELL: There were many hundreds to evacuate.

Q: Did this include people from the National City Bank and other American companies?

BUSHNELL: We had a few tourists and quite a few business and NGO families. We evacuated well over 1,000 people of all nationalities from the Polo field in addition to the 1000, almost all Americans, who had departed by sea the day before.

Q: That's quite a large number.

BUSHNELL: About half of the 1,000 plus people flown out from the polo field were Americans. We moved out people from other countries. The biggest problem was not

evacuating Dominicans. The problem was intense in those cases of Americans with Dominican wives and or children. Evacuating Americans was one thing, but there was a question whether we would move their wives who were foreign nationals. Ultimately, it was decided that we would take couples out together, even if the wives were foreign nationals. There were some Americans who had Dominican parents. I didn't include Dominican parents or siblings.

Q: Bob White [later Ambassador to El Salvador] came in during that period, didn't he?

BUSHNELL: I don't have any recollection of his being involved, but he might well have been among the Mother Hubbard crew.

Q: The Embassy was revamped quite a bit.

BUSHNELL: There were quite a few changes, but these were completed over a period of two or three months. Large numbers of Foreign Service officers and officers from other agencies were sent to expand the Embassy and to provide some relief for those of us who had been working 18 hour days and seven day weeks. I'm not sure that many of them were too usefully employed at this time.

Q: Why FBI agents?

BUSHNELL: There was a theory that there were some international, criminal elements in Santo Domingo. The FBI agents were supposed to help the Dominicans reestablish law and order and identify communists agitators and criminals. Most of the time, these FBI agents didn't seem to have much to do. During the first two weeks of this emergency, we didn't have nearly enough people to do what needed to be done. Then we wound up with so many people that it was difficult to keep them coordinated.

Q: Was the whole AID [Agency for International Development] program pretty well stopped during this emergency?

BUSHNELL: Yes, for a couple of weeks most economic activity was stopped. AID officers assigned to every project had to do whatever was necessary to get the programs going again when the situation calmed down.

Q: Do you remember their names?

BUSHNELL: William Ide was the AID Mission Director when I arrived in Santo Domingo. He was quite senior. Something happened between him and Tony Solomon, and Tony put him on the next plane to the United States. I don't know what happened. It was well known that Tony Solomon liked can-do types not those always saying what you can't do. The legislation on AID had become very complex with many provisions catering to various US special interest groups; these provisions made it hard for AID to do things without generating a mountain of paperwork and checking with a multitude of special interests. AID brought in Alex Firfer who had been AID Mission Director in Bolivia. He was much more a can-do guy, but the problem in the Dominican Republic was that there wasn't much that we could work with. During the spring and summer of 1965 we focused on providing the basic necessities of life to the people. We were not yet involved in reconstruction or development; those stages came later after I had departed.

Q: Were the AID programs mainly involved with agriculture, education, and so forth?

BUSHNELL: Yes, we had the usual programs. I worked primarily on the program or balance of payment support lending related to overall economic policies and to a lesser extent on agricultural and tax technical assistance.

Q: How expensive do you think these programs were? How effective do you think they were, aside from the immediate crisis? Obviously, you couldn't do much more than provide relief to needy families.

BUSHNELL: I don't know details of how things worked out after the initial crisis and then the Dominican presidential election in 1966, but partly as a result of greatly increased

assistance as well as foreign investment the Dominican Republic soon entered a period of rapid economic growth, about 10 percent a year for nearly a decade. It took a long time to reestablish a broad AID program, but AID then made a tremendous record of providing assistance. However, I don't have first hand knowledge or experience with the AID program in the Dominican Republic after 1965. During the year I was there, we had to struggle to keep people from starving. Traditionally, AID programs have suffered from a great deal of bureaucracy and silly rules for which they have been publicly criticized.

For some years I was criticized publicly, for example by Jack Anderson [a newspaper columnist who specialized in muck racking articles], because of the detailed and silly rules of AID. I had found that there was a great need for economic policy change in the Dominican Republic. With our program lending negotiations we tried to improve the economic policies so that market forces could allocate resources in ways which would speed development. Our financial support for these policy changes was then balance of payments support providing financing for imports and the government budget. Among the requirements on the expenditure of AID money was a provision that AID had to show precisely what each dollar was spent on. For example, AID liked to be able to say that AID spent so much in North Carolina and so much in South Dakota, etc., to buy goods for AID programs. To meet this AID and legislative requirement for our program lending I set up a program with the Dominican Central Bank. The Central Bank and the Ministry of Finance provided AID with copies of the import documents for goods the country imported from the United States. We then could file these documents to show from the bureaucratic point-of-view what our AID dollars had purchased.. Meanwhile, the AID dollars were deposited into the Central Bank account and were indistinguishable from any other dollars the Central Bank held. Then we and the Dominican officials agreed on how they would use the local currency received from selling these dollars, i.e. local currency could be used for schools or road repair or covering government salaries. The AID records showed that AID paid for US goods imported into the Dominican Republic, and the requirements of the law were

met although no additional US goods were purchased outside normal commercial trade channels.

The AID legislation and internal regulations provided that AID could not finance a few types of goods, for example military equipment or jewelry; the list of specific prohibited goods satisfied one special interest or another. We had provided the officials at the Dominican Central Bank the full long list of AID prohibited imports so they would not send us documentation for any of these imports to support the AID financing. I sometimes signed to certify the documents from the Central Bank. I seldom looked at them, partly because I was busy and partly because I thought someone in the AID Controller Office would review them in detail and make sure the numbers added up, but mainly because I considered this documentation a make-work exercise. On a couple of occasions AID officers gave me documents which should not have been included, and I traded them with the Central Bank for other documents covering eligible imports.

Much later, when I was in Costa Rica, I received a phone call and then cables from Washington because Jack Anderson ran a story criticizing the 1965 AID program in the Dominican Republic because we had financed pink bidets. AID checked, and bidets were not on the AID prohibited list, so we probably did include documentation in the AID package on the import of some pink bidets from the United States. For some years, these pink bidets were mentioned in various news stories and editorials as an example of foolish AID spending. I asked many people if the problem was financing bidets or that they were pink, but I never got an answer. I never got an official reprimand for these pink bidets although I remember doing a long explanation for the AID Inspector General or whatever that office was called at the time. Interestingly nobody ever criticized us for paying the military during the crisis or not keeping close control over the cash.

Q: Regarding the military personnel who served at the Embassy, were they involved in your efforts to reduce Dominican military spending and corruption?

BUSHNELL: There was a substantial number of people in the MilGroup and a few attach#s. I personally didn't have much to do with the military during my assignment in Santo Domingo. When the two members of the Dominican Triumvirate were trying to use me to deliver messages to the Dominican military leaders about the need for budget austerity, I decided in my own mind not to involve our military. I didn't want to expose them to pressures from their Dominican colleagues. They had to work with the Dominican military on a day by day basis. I mentioned the potential role of our military to Ambassador Bennett. He said he would make sure our military officers knew our firm position on budget cuts, and he agreed that they should stay out of the issue. He did arrange for them to give me a lot of useful information, especially about corruption.

Q: Did you involve any USIS [United States Information Service] people in what you were doing? Did you feel that their activities were worthwhile during this time?

BUSHNELL: Despite Trujillo's brutal tactics there were two newspapers which maintained a considerable independence of the dictatorship. They generally expressed an upper middle class point of view, reflecting their readership. We were able to work constructively with these newspapers to help move toward democracy. There was a Dominican radio station which had a similar point of view, although I don't know as much about it. The most direct contact I had with USIS was through the press releases which they issued on the AID program. I often worked with USIS in drafting these and tried to broaden them to explain the big picture of what we were doing.

During the crisis, the OAS sent to Santo Domingo a lot of their public affairs people. We had good, public affairs civilians, many, if not most, of them from Latin American. They were good in positioning the OAS [Organization of American States] in a middle role and in trying to work out compromises. These people were not yet there when we took over the Central Bank; fortunately, newspapers were not being published and there was little news on the radio; thus word of our protecting the Central Bank from the Dominican military was spread largely by word-of-mouth. My friends in the Central Bank were very

successful in spinning this story in a way which favored the Bank and the OAS. As things happened later on, these OAS public affairs people were very helpful in explaining how the Dominican Republic was operating. I think they even operated a Spanish language radio station,

Q: Was the Peace Corps involved in what you were doing?

BUSHNELL: Yes, the Peace Corps had a large contingent in the Dominican Republic. Here as in Colombia, I met with arriving groups of Peace Corps personnel and talked to them about the Dominican economy. They were mainly stationed outside the city of Santo Domingo, but some or all were asked to come to the city during the initial days of the crisis. During the crisis, most of the Peace Corps volunteers were evacuated. Several young Peace Corps men volunteered to assisted me with the evacuation and they were allowed to stay.

Q: Before this crisis you were only a little bit involved in reporting on the Dominican economy?

BUSHNELL: No, I did a lot of reporting during my first months in the country. More than half the required CERP reports were assigned to me. I covered the government budget, the balance of payments, and monetary policy, but I tried to do some reporting placing the technical stuff in a broader context. Even before the crisis the Dominican economy was in quite a mess. The Dominican Republic under the Trujillo dictatorship had an economy based on producing a lot of sugar. The sugar plantations were owned either by the Dominican Government or individuals closely associated with the Government. The living conditions of a large number of workers on the plantations were pretty bad. The government plantations were not well managed; equipment was old and in poor condition; the irrigation systems were not well maintained; productivity was low in both the fields and the mills; transportation was a bottleneck.

Q: I was thinking of the Dominican sugar quota in the US market, which was a problem in those days. Were you involved in the negotiations on that?

BUSHNELL: The US quota was not an issue because, with the reallocation of the Cuban sugar quota after we broke relations with the Castro Government in Cuba in 1959, the Dominican Republic got a major increase in its sugar quota. Moreover, the world sugar price was fairly high. The main concern was filling the US quota so it would not be reduced in subsequent years. The problem was increasing investment and production through improved management, particularly when most of the production was in the politicalized public sector. Many, I dare say most, of the politicians and retired military who ran the sugar plantations and mills had little concept of modern management techniques; many did not seem to understand the problems of expenditures being higher than income.

One of the projects which we were trying to develop was the production of fruits and vegetables for export to the U.S. during the US winter. The AID Mission was trying to address this market opportunity, but it was hampered by AID regulations designed to assure that AID did not develop competition for US producers. These regulations did not seem to address the nuance that US consumers might like some fresh produce in the winter at low prices. However, you never know what you're going to find. I found that former Vice President of the U.S. Henry Wallace had an NGO project involving the production of strawberries to supply the US winter market. This project by itself wasn't going to revolutionize the Dominican economy, but it seemed like a good example for other such winter fruit and vegetable projects. Wallace didn't want to be involved with AID, so I worked with him. Wallace had been Secretary of Agriculture in the 1930's before he was Vice-President. He was a farmer in upstate New York and had been breeding better strawberries and other fruits for many years. He was a real expert, and his Dominican project was just beginning to produce for export. The main issue I worked on was finding regular and cheap sea transport for the fruit.

In l964 at Thanksgiving he and his wife were in the Dominican Republic in connection with the strawberry project. My wife and I invited them to have Thanksgiving dinner with us; it was just the four of us. Despite the considerable age gap, we had a very enjoyable day. I liked what I heard about the strawberry project, and he was excited to see the new electric knife I used to carve the turkey, as he had not seen one and his hands were partially disabled. During the time we were in the Dominican Republic my wife baked our bread. Dominican bread sold in the stores had no preservatives and was often stale by the time one got it home. You could buy bread imported from the U.S. by air at a price perhaps 10 times the price at home. Thus my wife learned how to bake our bread. Mrs. Wallace thought that was wonderful, and she had lots of tips. When she was young, she had baked bread herself for many years on their farm.

Some of these private sector winter export projects such a strawberries and pineapple were just beginning when we were there. I have learned since that one of the reasons the Dominican economy grew at the rate of about 10 percent annually for a while was that a lot of these projects took off. One of the concepts I was working on before the crisis was to develop free trade zones. This concept involved establishing textile and garment manufacturing and other labor-intensive plants in places such as the Dominican Republic with abundant cheap labor to serve the US market. The raw materials and partly finished products would be imported duty-free from the United States; then the final product could go back to the U.S. paying the tariff only on the value added. This was well before the beginning of NAFTA [North American Free Trade Agreement]. A draft of a free trade zone agreement had just about been completed when I left the Dominican Republic.

As I was in the Dominican Republic for a short time, few things which I started actually reached any conclusion. However, I think subsequent developments with rapid export-led growth showed that our approach was right. Most of the time, the long term things that one wanted to accomplish were out of reach, and the time available to work on them was

a controlling factor. In the Dominican Republic the infrastructure and Dominican human resources available to do what we wanted to do were very limited.

Q: We should stop at this point and give you an opportunity to say a few more words about the Dominican Republic when we meet again. Then we can take up your time in Costa Rica.

Today is Tuesday, January 27, 1998. The last time we had an interesting discussion about your time in the Dominican Republic. Maybe we could pick up on a couple of matters here. First, do you have any comment on why there has been such continuing and considerable political and economic instability in the Dominican Republic throughout the 20th century?

BUSHNELL: If you consider the whole 20th century, there have been lengthy periods of stability, followed by fairly short periods of instability. I don't know too much about the history of the Dominican Republic in the earliest part of the 20th century, but I think that there were basically Right Wing, strong men in control of military governments during that period. General Trujillo had a very long run in control of the government; it began in 1930 and continued until 1961 when he was assassinated. This must be considered a period of stability. The statistics show the Dominican economy grew during the Trujillo period, perhaps mainly because of the large expansion of sugar production. Although, on a per capita basis it didn't grow much. Most notably, not much of a middle class developed. The country didn't spend much on education or other social projects; it was not even typical of Latin American countries in this regard. It was more like a typical, African country. However, it was stable.

A period of instability began with the assassination of General Trujillo in 1961 and was followed by elections and coups d'etat during the fairly short period from 1961 to 1966, when Joaquin Balaguer was elected. Balaguer had been a senior figure under the Trujillo dictatorship for many years, but did not come from a military background. He was a different kind of person, a poet, and provided considerable stability during his first several

terms as elected President, from 1966 until 1980. In 1980 there was a presidential election in which Balaguer was defeated for the first time. The Balaguer years were not only a period of economic growth but also of considerable political stability and the growth of the middle class. The economy was growing at about 10 percent a year. One could call that a period generally marked by stability. Certainly, there was some fast political footwork in dividing the opposition, which was Balaguer's objective, although that is not necessarily a violation of human rights or democracy.

This political stability brought rapid growth in tourism and in what might be called the tourist industry and in the free zone assemble industries. The Dominican Republic increased its exports greatly. Both the tourist and assembling industry really got under way beginning in 1966 to 1968 after I was in the Dominican Republic. For a time both the tourist and assembling industries were growing at about 25 percent a year. This helped stimulate the whole Dominican economy. Of course, there was still a lot of unemployment I don't think it is correct to portray the Dominican economy as marked by instability. More recently, the sectors of tourism and the production of clothing have lost ground. They are still growing a little bit, but not the dynamic growth that pulls the rest of the economy with them. The loss of efficiency and the presence of a number of subsidies to electric power and other services, as well as the tendency to hold down the exchange rate with the US dollar, have made it hard for the Dominican economy to compete with a number of other economies around the world, both in Latin America and in Asia.

Some comparative studies have pointed out that the Dominican Republic during the period 1966 to 1982 increased efficiency earlier than most other countries in Latin America, and particularly in Southeast Asia. However, more recently other countries in Latin America and Southeast Asia did open up their economies even more than the Dominican Republic has done. Therefore, the Dominican Republic had become non-competitive for textile and other, labor intensive, free trade area industries. The Dominican Republic certainly did not make the more revolutionary economic changes that other countries like Chile, Argentina, Thailand, and Korea have been able to make. Thus the Dominican Republic lost its

competitive edge, even before Mexico with NAFTA came along. Many Dominicans will tell you that Mexico is what is wrong with the Dominican economy today. The Dominican Republic is not in a free trade area with the United States, as Mexico is. They ask, “Who would invest in the Dominican Republic when they can invest in Mexico?”

Q: John, could we talk about the fear of some people in Washington that the Dominican Republic was becoming another Cuba in fact underlay the US military intervention in the Dominican Republic in 1965? Do you think that there really was a danger of a communist takeover in the Dominican Republic at that time?

BUSHNELL: The short answer is, “Yes, there was a danger of that happening.” The hard thing to quantify is how much of a danger there was. My view is that there wasn't much of an indigenous, blocking force to prevent a communist takeover, in part because the Dominican middle-class was so small. The communist forces were not strong either. There was the Dominican Communist Party, a few Leftist officers in the Dominican military, and many university students who were basically friendly toward Cuba and would have liked to have made some kind of alliance with Cuba. If this group had gained power, it would have adopted some version of the Cuban model. These groups were not large or strong in absolute terms. However, they were practically the only political force in the country that had dedicated members, political organization, and a willingness to go into the dangerous streets.

The traditional force opposing the Left was the Dominican military establishment. The Dominican military force had been greatly weakened by internal divisions; although, if you counted the guns and other weapons, it was still far superior to the more Leftist groups. The Dominican military force was not only pretty much demoralized but was also not supported by the great bulk of the people. This was not to say that the communist-leaning people on the Left were supported by the great bulk of the people, either. The mass of the people didn't like either one of these two alternatives, but these two had almost all the guns. These two groups were the only two games in town. If the situation had played out

without any stabilizing outside influence, it would probably have been unstable for a long time. During that time those forces which wished to establish the Cuban model would have been more likely to grow in strength than the military.

The Dominican military establishment was on a downward track. Enlisted men, and even officers, in the Dominican armed forces were deserting. They had lost some of their weapons to insurgent groups. Many officers were taking asylum in Latin Embassies. Without any external influence, that trend would have continued. We'll never know whether Castro would have provided the Leftist forces with materiel support, but he was certainly willing to do so in other cases. The dilemma was that the political middle in the Dominican Republic was absent from the scene. For many years there had been virtually no development of a middle class in the Dominican Republic.

Q: As you say, the actual Dominican Communist Party was quite small, although it was highly motivated. Did it really have ties to Havana and Moscow, or were the Dominican communists largely autonomous?

BUSHNELL: The traditional Dominican Communist Party had strong ties to and support from both Havana and Moscow. They were not numerous or important by themselves. However, they did have strong ties to the largest Leftist group, the university students. Most of the students, to my knowledge, did not consider themselves really Marxists. However, they were admirers of the Cuban example. They liked the fact that Cuba had established its independence from the United States. At least in the 1960's they did not consider that they were in danger of losing their independence to the Soviet Union. They didn't choose to see what the Soviet empire was but rather saw great appeal in the ideology of Che Guevara [Cuban communist leader of the 1950s and 1960s). They saw the Cuban model as improving income distribution and doing things for poor people, and perhaps most important giving political power to young people not part of the military establishment.

The Dominican Republic is a country where the government, for generations, had refused to provide even first grade classes for a majority of its people. Most of the people had no education at all. The university students were obviously not of peasant origins but came out of a struggling sort of lower middle-class. Their parents were trying to eke out a living by being storekeepers or, perhaps, professional people, in a society which was oriented almost entirely to serve the Dominican military. Most students had to work full-time, usually at unskilled jobs, and take many years to complete their studies. That this group didn't like the situation was certainly understandable. When they looked for an alternative model for Dominican society, the Cuban model was near at hand. The Dominican Left saw the U.S. as being associated with the military. They considered that we played a part in establishing military dominance of the Dominican Republic when the US Marines occupied the Dominican Republic early in the 20th century.

It was predictable that the Dominican Left would look to a Cuban model. In addition to those who were committed to the Communist view, and I don't know if that was 10, 15, or 20 percent, well over 50 percent of university students were sympathetic to radical change. They probably didn't really want to follow a Cuban example. They wanted a major change from the military dictatorship that had existed for all their and their parents lives, and the Cuban model was a way of getting such a change. Most university students and other middle-class groups thought they had only two choices. They knew the traditional, military leaders were not what they wanted. There were elements in the Dominican military who were challenging the traditional military leaders, but there was great suspicion that they only wanted to change the leadership not the corrupt policies. Most leftish students didn't have any ties with Cuba, apart from having read some Castro speeches. However, they had an intellectual link which was the example, in this hemisphere, of a revolutionary change. They thought such a change was needed in the Dominican Republic. They were not so much focused on a Marxist outcome as they were on ending the dictatorial situation and having a chance to improve the well-being of everyday people in the Dominican Republic.

In retrospect, the danger of a Castro takeover was even greater because Castro later showed himself and his organizations as quite a master of leading people in his direction, taking disparate leftish groups and bringing them together. This control through uniting and supplying is something that we will see later in both Nicaragua and El Salvador. Castro takes groups on the Left, most of whose members are not really interested in being Marxists, but who are interested in getting enough power to bring about a revolutionary change, and he pulls them together into an organized force. Castro developed great skill in bringing together people who were very divided among themselves and who spent a lot of time fighting each other. In the universities of the Dominican Republic there were many groups which didn't have much use for each other but which all developed a concept of the major changes needed. Castro had often been able to take advantage of these people and get them all pointed in the same direction. Whether or not it was Castro's doing, that unifying of the Left was beginning to happen in the early days of the revolution in the Dominican Republic. As I traveled around the city, the blocks which were controlled by teenagers did not have posters and the leaders did not want to talk about politics. The blocks where there were university students did have posters and the leaders wanted to talk about how they would help the poor and improve the society.

My guess is that, if nothing else had happened, the tendency toward communist influence would have continued. Eventually, it would have been the Left that would have won. How closely they would have been associated with Cuba would have depended on which groups dominated and how effective the Cuban presence and Cuban contacts would have been. The process was cut short, so one cannot say what history might have been. I think that, if no one had done anything about this situation, the Dominican Republic would have come under Cuban domination as Nicaragua did in 1979.

Q: So it's your sense that US military intervention really turned out to be a constructive force in the Dominican Republic at this time.

BUSHNELL: Yes. US intervention reestablished law and order and permitted a free presidential election which allowed the vast majority of the people who favored neither the military nor the communists to decide the future of the country. Joaquin Balaguer ran for President in 1966 on a platform of change, but moderate change. Balaguer's opposition wanted more extensive change, or none. Balaguer won the election. In the Dominican Republic the campesinos [farmers] were conservative people. They supported Balaguer as a man and didn't want too much of a break with the past. The presidential election of 1966, supervised by the OAS [Organization of American States], was honest. The opposition Leftish groups turned out not to have a lot of votes. If there had been a military candidate, he wouldn't have received a lot of votes either. Balaguer managed to separate himself from the military. He wasn't perceived as a military candidate, but rather as a candidate who could gain the support of the military and control them, a correct perception.

Q: John Crimmins came into ARA in January, 1966, after you had left the Dominican Republic. He was supposed to be picking up the pieces. Is that the sense that you had of his role?

BUSHNELL: I don't know quite what you mean. The Dominican Republic had been a mess and a problem for a long time with a brutal dictator and then various degrees of chaos in his aftermath. At the beginning of 1965 it was led by a weak, non-elected government which was trying to struggle along and introduce some economic changes and move toward elections. It did not have much success. It cut back somewhat on the economic resources going to the military, but the military continued to be the dominate force in the country. It hoped to improve the situation and organize an election, but it was a confused and unstable situation. This government fell apart, and the result was a messy situation where thousands of young people, many of them what we would now describe as gang members, were given weapons. They even captured heavy weapons, such as tanks. Law and order completely broke down. That situation was stabilized by the intervention

of outside forces led by the U.S. and the OAS, which pieced together a regime to hold an election.

It was a very messy problem. Ambassador Ellsworth Bunker and a number of Dominican figures stabilized the situation and held an election. This brought into office Joaquin Balaguer, who able and experienced in running a government. As President he literally approved virtually every expenditure which the Dominican government made. He cut down drastically on both corruption and support for the Dominican military. He did lots of things which were his idea of social improvement, such as building roads, constructing buildings, and ensuring a supply of safe drinking water. He did not build as many schools and health centers as some people might have liked, but President Balaguer was subsequently repeatedly reelected. All in all, in retrospect this was not a bad OAS intervention.

Q: What do you recall about your transfer from Santo Domingo, in the Dominican Republic, to Costa Rica?

BUSHNELL: Since I had gone on a direct transfer from Bogota, Colombia, to Santo Domingo in July 1965, I was planning to take home leave in the summer of 1965. Then came the events of April, 1965, and my family was evacuated to the United States. There didn't seem to be any prospect of my taking home leave for quite a while. When things became reasonably stable in the Dominican Republic about July, 1965, someone from Washington, and I can't remember who it was, called and asked whether I would like to go to Costa Rica, because there was a good opportunity there. As I mentioned before, the Latin American bureaus of the State Department and AID [Agency for International Development] were supposedly integrated and working together. There was a Washington perception that there was an Embassy versus AID problem in Costa Rica. The head of the Economic Section, Mel Blake, was sending cables which said that Costa Rica's government was not making sufficient development efforts to justify an AID program there. In particular fiscal and monetary policies were weak. The AID program officer, Larry Harrison, who was perceived to be a strong, go-getter guy, was sending cables saying

that Costa Rica was doing well on development and that AID should support the country's efforts by increasing the AID program. Washington were confused and found it difficult to set policy. I was not familiar with the situation and am just repeating what I was told when I visited Washington..

Someone in Washington had the bright idea of solving this San Jose problem by transferring both the head of the Economic Section and the AID program officer to other posts. Mel Blake's tour was nearly over, and AID wanted to move Larry Harrison to Santo Domingo to help expand the AID program rapidly. The Embassy job was not at the level of Economic Counselor so it was junior to the job of AID program officer. It was in this context that the Department proposed I be appointed as head of the Economic Section in San Jose, as well as the AID Program Officer; then I could hardly fight with myself.

Q: You were young to be head of the Economic Section in an Embassy.

BUSHNELL: Correct, I had only been in the Foreign Service six years, and I really didn't expect to be assigned as head of an Economic Section anywhere. Thus I thought this offer of a dual assignment in San Jose was a good opportunity. I agreed with the Department that I had had a high visibility role in the Dominican Republic and it was better if I were not around to face what emotions might flare up in the future there. I wanted to go on home leave, which I did . Larry Harrison was transferred to the Dominican Republic; he arrived about a week before I departed. The AID Mission in Santo Domingo was being completely revamped and strengthened because we were establishing a very large aid program there.

A couple of weeks later Tony Solomon called me; he was moving to the Economics Bureau as Assistant Secretary, and he wanted to interest me in heading the Monetary Affairs Office. I was pleased to be asked to take one of the most technically demanding economic jobs, but I preferred to stay overseas as I had already served as much time in Washington as overseas at that point in my career. The orders arrived, and a little over a month after hearing of the opening in San Jose I went to Washington and home leave.

While on Washington consultations on the way to Costa Rica, I learned more about the various issues between the Embassy and AID.

Q: Before we go further in that connection, I would appreciate your comments about Central America in general. That was an area which you were very much concerned with, later on. I would like to have your impressions. To start with, what picture did you have of Central America before you went there? To what degree was that picture subsequently verified?

BUSHNELL: I had little impression of Central America. I had worked in INR [Bureau of Intelligence Research] covering to some extent all Latin America, but Central America had not been a focus, nor had much been going on in Central America during my years in INR. I knew that Mexico and Panama were important countries. I thought Central America was not really important. One knew the elementary things, that Costa Rica was a beacon of light as a democratic country that had no military and spent a lot on education. The other countries in Central America were basically controlled by the military and land-owning oligarchy. I had heard a good bit about the principal figures such as Somosa in Nicaragua and Figueres in Costa Rica.

Q: As you look at a map of the world, you can see Central America in particular as a narrow isthmus between the Atlantic and Pacific Oceans. One would think that the region is very much favored by geography. Why is it that Central America hasn't been more prosperous and benefited more from its geographic advantages?

BUSHNELL: I don't think Central America has such a geographic advantage. A long time ago this area was one single, political entity called Guatemala. Since the middle of the 19th century Central America had been a poor area fragmented into tiny states. These countries now, as we enter the 21st century, have substantial populations. Until recently, these have been small and poor countries. They were not interesting markets, and they were not places where many wanted to go and invest. They were of interest to

a few people who found them of value for one reason or another. The banana companies found that Central America had the right climate, land and cheap labor reasonably close to the US market. However, there weren't many products like bananas. The Central American countries didn't have oil, and they didn't have much in the way of minerals. Historically their principal interest to outside countries was that they were a route from the US East Coast to the West before the railways were built. That interest was very heavily concentrated in Panama, especially once the Canal there was built.

Q: Going back to ancient history, long before the time of the Spanish "conquistadores" [conquerors], the area produced a remarkable, Mayan civilization, which had collapsed before the Spanish came.

BUSHNELL: One, geographic fact often overlooked is that Central America has several locations, particular in Guatemala and Costa Rica, which many people would argue have an ideal climate. They are in the tropics but have some areas which are high enough above sea level so that it is not really hot. The San Jose Valley in Costa Rica is an area which, if you don't get too bored with it, has a virtually ideal climate. I think this climate is probably the reason why, in earlier times when climate had a much greater impact on the development of organized society, Central America was an ideal place for civilizations to develop. You can grow many products all year around; animals can graze in the pastures throughout the year; rainfall is fairly reliable; and the climate is mild at altitude. When the Central American area got its act together, both socially and politically, it developed a fairly advanced civilization well before the arrival of Columbus.

Q: Do you think that the heritage of Spanish colonialism and mercantilism continue to deter economic and political progress?

BUSHNELL: Probably. The best argument supporting that view is that, if you look at Costa Rica during the colonial period in comparison with the countries to its North, as well as Panama, Costa Rica was the poorest. Costa Rica had no gold and no real prospects

of developing its natural resources. It also didn't have many native Americans, perhaps because even the Indians preferred a different part of Central America. Many native Americans were, of course, wiped out during the Spanish conquest. Few Spaniards wanted to go to Costa Rica during the colonial period. Those few Spaniards who did go to Costa Rica were unable to persuade the native Americans to work for them. They had to do the work themselves. Thus in Costa Rica, during the 18th and 19th centuries and into this century, the descendants of these European settlers themselves developed agriculture, producing coffee, sugar, and other crops and with people of Spanish ancestry doing the work. They ran the farms, most of which were small. Some small farmers were very successful and expanded in size. There was a social and political mentality which went with the concept of small family farms.

In the other countries of Central America the Spanish immigrants came basically to direct the labor of the native Americans to produce, originally gold, but later other things, such as tobacco and coffee, to send back to Spain. Costa Rica was less appealing for that kind of large scale agricultural activity because the Atlantic coast of Costa Rica was not accessible to the Caribbean Sea, as it was, and is, swampy and low-lying. Ports there have only been developed in the last 75 years. Products from the Central Plateau, a nice area to live and to grow things, were marketed by transporting them to the Pacific Coast, north by sea, and then by land through El Salvador and Guatemala enroute to Europe. That was a hard route; it wasn't economical or profitable. Costa Rica became a back water and developed quite differently from the other countries of Central America, which were dominated by what I would call a typical Spanish development. In these other countries the economies were dominated by the military and, to a certain extent, the Catholic Church. In the first centuries few Spanish women migrated to Central America, and a significant population of mestizos or mixed blood children of the Spanish soldiers and adventurers assumed increasing control. During the colonial period nobody make a substantial fortune in Costa Rica, although now there are a few rich families. Most of these richer families go

back only a couple of generations. There is not an oligarchy based on control and use of the land, as was the case with the oligarchies in El Salvador, Nicaragua, and Honduras.

Q: As you say, Central America was fragmented, but during the 1820's and 1830's there was a movement toward a federation. However, that movement collapsed after a very few years. Presumably, it could have made a big difference if Central America had ended up a single state.

BUSHNELL: I've never studied the history of Central America in detail. I don't know what the dynamics of that movement toward regional unity were. When I was in Costa Rica, I spent a lot of time working on what was one of the main thrusts of US policy at the time, which was to help the Central American countries to come together and form a common market.

Q: A Central American common market. You worked on that matter at that time?

BUSHNELL: Yes. At that time promoting and assisting economic integration was a major thrust of our efforts in the area. Large economies of scale and increased efficiency were available by sizing many industrial and even infrastructure investments for the area as a whole. My perception was that the oligarchies in the various countries were centered in the capital cities. That was true in Guatemala City (Guatemala) and in Tegucigalpa (Honduras). It was also true in San Salvador (El Salvador) and in Managua (Nicaragua). These oligarchies were willing to scratch each others' backs, you might say, trading high-cost products from their new industrial plants with the other countries. However, these oligarchies weren't willing to give up any of their local power. The capital cities were geographically quite remote from each other. Travel among them was not easy because roads were poor and hard to maintain in the tropical climate. As a result, although the leaders of these countries talked a good game of unification, when it came actually to giving up any of their power to regional institutions, they were not really prepared to move, especially as regional institutions were likely to be more democratically oriented.

Unlike the case of the original 13 colonies in what was to become the United States, most leadership groups in Central America were not trying to keep government off everyone's back but to control their governments for their own ends. Governments were dominant, for the most part, because this was the system the Spanish had established. It was authoritarian, and the rulers were expected to support the Catholic church, which in turn supported the authoritarian government. Until well into this century no alternative was seriously considered except in Costa Rica. When the established oligarchies began to consider how to share power among the several countries, that was an equation which was much harder for them to deal with.

Q: I would like to ask a general question about Central America before we go back to Costa Rica. Why, throughout the 19th and 20th centuries, has the United States seemed to be unable to keep its hands out of the cookie jar in Central America? That is, going back to the administration of President Thomas Jefferson and continuing through the administration of President Polk, for example, and, in fact, throughout the 19th century, American filibusters such as William Walker were always much interested in Central America.

BUSHNELL: Partly because this area is close to the U.S. and weak. At various times there has been an interplay between some parts of the oligarchies in one or another of these countries and some US group or groups. Part of these oligarchies try to work with a US group and, through that group, with the US Government, or with part of the US Government, to pursue its own ends. Sometimes these minority oligarchies brought in US forces to further their interests.

For example, consider the banana business. US companies set out to grow and market Central American bananas because it had the right climate, cheap labor, and was close to US markets. The US companies wanted to control the land and the labor where they were making large investments. That was exactly what the more successful members of the oligarchies in most of these Central American countries did. It was almost inevitable that

big US investors would want to play in the only political game in most of Central America. This was the same game that the local oligarchy played. The US government was sucked in. For a long time it was a successful interplay of forces for the United Fruit Company and others. The local oligarchies also played these games and also played their American connections when that seemed to be important.

Q: You spoke of the United Fruit Company which, I think, goes back to the 1890's.

BUSHNELL: It certainly goes back a long way.

Q: First the United Fruit Company developed a railroad, and then one thing led to another. By the turn of the century, United Fruit was building more railroads and port facilities, establishing shipping lines.

BUSHNELL: There has always been almost a total asymmetry in the US relationship with Central America. For most countries around the world the United States is much more important to them than they are to us. In Central America you find one of the most exaggerated forms of asymmetry. For most purposes, until recently, no other country mattered to Central Americans except the United States. The countries of Central America were certainly down near the bottom of the list as far as general interest in the U.S. was concerned, whether for national security, economic, or any other reasons, especially when we decided not to build the transoceanic canal in Nicaragua but in Panama. Thus United Fruit or any large investor could have a large effect on US policy toward Central America because no other US company or interest group had any interest. In more recent time US groups promoting human rights had more effect on US policy in Central America where there were fewer competing US interests than say in the Middle East where there were even more human rights abuses but the US interest in oil and other things out-competes human rights groups for policy influence. In the past couple of decades there has also been large migration from Central America to the U.S. for the first time.

Q: You started to say how Costa Rica is different from the rest of Central America. Would you care to comment a bit further on that?

BUSHNELL: Costa Rica developed differently from its authoritarian neighbors and is what we would consider much healthier with universal education and strong democratic institutions. Just as much of the U.S. was developed by people going out and establishing family farms in virgin territory by hard, back-breaking work, that's the way Costa Rica developed. People who were spun out of the Spanish oligarchical structure to the North, for example because they were soldiers who didn't want to be soldiers any more or because they were on the wrong side of some situation, went to the frontier, which was what Costa Rica was at that time. These people developed their own farms and eventually set up a democratic society, even though the Costa Rican military adopted the Central American tradition in which the military had a prominent role. But education also had a prominent role; people were considered more equal; and merit mattered. Perhaps Costa Rica was too poor to generate any super-rich families.

In 1948 President Pepe Figueres, in the six-day war, lead a struggle in which the farmers and ranchers of Costa Rican defeated the military, although they were not really defeated in this campaign which saw a low level of actual fighting. Jose Figueres decided to disband the Costa Rican military force permanently. Since then Costa Rica has had no military establishment. Years later in 1990 the Panamanian democratic leaders decided to do the same thing there, and I had the pleasure of participating in that revolutionary but largely unnoticed decision.

Q: Figueres headed the side which took over Costa Rica.

BUSHNELL: Figueres was a fairly young man in 1948 although he was a colonel. Ulate won the election in1948 promising reforms to help the poor, but the National Assembly, which was dominated by the traditional coffee and business interests and the military, refused to allow him to take office. Figueres broke with the majority of the military and

organized an opposition military force mainly with farmers and ranchers. In the plains in the northwestern part of Costa Rica a lot of ranchers lived, much like the ranchers in the western part of the U.S. during the 19th century. These people lived by their horses and their guns. Figueres' forces more or less ambushed the stronger regular military. There was not a lot of actual fighting, but Figueres was able to march on San Jose and take over the government. He headed a new government for a short time during which the military was abolished and other reforms adopted. Then, very unlike typical Latin American military who topple governments, Figueres stepped aside, and Ulate was inaugurated in 1949. Subsequently Figueres was twice elected President, in 1953 and 1970, and recently his son was elected to the same office. . When I went to Costa Rica in the mid 1960's, the basic problem facing the country was the economic structure. Costa Rica was trying to give free education through university level to everybody, plus providing free medical care to everyone. There was not a large enough tax base to do all of this at anything like the quality level they desired. A large budget deficit developed, and inflation and balance of payments problems were becoming disruptive to the productive structure, further weakening the tax base and threatening to generate a downward spiral.

Q: I think that Figueres is given credit for these advanced and progressive education, health, and welfare policies.

BUSHNELL: Yes under his leadership they enshrined a number of these policies in the new constitution. But since before the turn of the century Costa Rica has provided universal, free grammar school education. Free secondary and university education came in this century. Costa Rica had universal free education before many US states did. Virtually everyone was literate.

Q: I think that the country had a literacy rate of 90 percent.

BUSHNELL: It was higher than that before recent migration from Nicaragua brought it down.

Q: One-fourth of the national budget goes into education, I think.

BUSHNELL: A higher percentage, counting grants to universities and other schools. The most rapidly growing expenditure since about 1950 has been health services. The population has grown very rapidly. I think the consequences of this population expansion have become the largest problem. By the time the Alliance for Progress was initiated in 1961, Costa Rica was a model for many of the improvements in education and other social services that we saw as needed in other countries. However, in some areas Costa Rica hadn't done much. For example, they hadn't done much in subsidized housing. Housing has never been too central an issue in Costa Rica because people have always had a frontier mentality and the climate is mild to hot. They could always go out and establish their own farms. Or they could build a shack somewhere. It wasn't high quality housing, but it wasn't bad in comparison with what most people in the world have. Through our aid program, we introduced subsidized housing programs with indoor toilets and sound roofs. The Costa Ricans took to this kind of housing very happily. On a per capita basis they built twice as many subsidized houses as the next-ranking country in Central America, raising a problem of how to pay for the subsidy in addition to all the education and other social expenditure. The Costa Rican economy wasn't expanding fast enough to keep up with all these programs, partly because they had a lot of awkward rigidities to deal with. One rigidity was that Costa Rica didn't permit private banking. The banks had been nationalized about 1948.

Q: This was a heritage...

BUSHNELL: Nationalized banking originated under President Figueres and his Liberation Party. State banking was a matter of principle, although the government owned banks were perceived to be inefficient and slow and did not promote development. It was widely believed, and still is today, that banking is a government function just as education is. The lack of an efficient banking system was and is a serious block to economic growth.

The lack of sufficient government income to fund the social services on which there was a Costa Rican consensus was the biggest problem facing Costa Rica, and it continued to be the biggest challenge during the period I was there. Our AID programs were gradually shifted from supporting the already advanced social programs to being directed toward encouraging the development of productivity, so that the government would have the tax base to afford the social services. We were phasing out AID programs which weren't essential. However, there continued to be a lot of Washington bureaucratic interest in pushing social programs in Costa Rica because it was so much more receptive to such programs than other Latin countries, even if it could not afford them. Thus I gave priority during my tour to improving the underlying economy and tax base and blocking US pressures to expand programs which would make fiscal problems worse.

Q: Let's pick up your story again. I interrupted you when you were saying that you went back to Washington from Santo Domingo and before you left for Costa Rica. You said that you replaced two people who, in effect, were at war with each other, in terms of their perceptions of what we ought to be doing. What did you learn about this conflict while you were in Washington before you went to San Jose, Costa Rica?

BUSHNELL: I was told the AID Program Officer wanted a bigger AID program to expand housing and other social services while the State Department Economics Section Head thought that Costa Rican economic policies had to be improved substantially to reduce the fiscal deficit before an AID expansion was justified. It was only after I arrived in San Jose that I could see that what we had was really a reflection of a Costa Rican problem. Many Costa Ricans wanted to provide more services in such fields as education, housing, and health. The AID Mission also wanted to do more in these areas. However, Costa Rica basically didn't have the economic base or the willingness to tax the people more heavily to pay for expanded services. Taxes were already reasonably high, unlike those in Guatemala where the government basically didn't tax people leaving the Guatemalan government without the funds necessary to implement even minimal social programs. By

contrast, the Costa Ricans had advanced social programs and substantial progressive direct as well as indirect taxes. That doesn't mean that the Costa Rican government couldn't tax a bit more. However, to increase tax receipts substantially the Costa Ricans needed to have productivity grow, and productivity in Costa Rica should have been growing faster because they had the necessary educated people.

Obviously increasing productivity was not a problem that can be resolved from one day to the next. I found, when I got to Costa Rica, that no effort had been made to develop an understanding of this basic problem throughout the AID Mission. Over time we were able to de-emphasize some of the ongoing AID programs simply by telling Washington how far advanced Costa Rica was. We sought to put more emphasis on improving productivity and to building up AID programs in that area. As far as I could see, the real desire in Washington was to adjust to the real problems facing Costa Rica. Through program reviews I attended in Washington and with visiting Washington AID officers we got greater emphasis on defining what the real problems were and in relating the AID program to needed policy improvements. Thus the conflict between the AID Mission and the Embassy vanished.

Q: Was all of this evident to you as soon as you arrived in Costa Rica?

BUSHNELL: I had to go through a learning process. I remember some long discussions among the Country Team, involving the Ambassador, the DCM [Deputy Chief of Mission], the AID Director, and other AID officers. The argument turned on what AID should focus on. Quite soon there was agreement. Then it was a matter of the difficult implementation. Some AID technicians' tours of duty in San Jose were two or even three or four more years. We didn't cancel the projects they were working on but reduced them in scale and/or implemented them over a longer period.

Q: Was Raymond Telles the Ambassador when you were in Costa Rica?

BUSHNELL: He was Ambassador during the first year that I was in Costa Rica.

Q: Was he aware of these conflicts with AID? What could you say about him?

BUSHNELL: He was aware of these issues. If we define a given issue as between the AID Mission and the State Department, he was more on the AID side. He wanted new projects, and he wanted to design them. He had been Mayor of El Paso, Texas.

Q: Was he a good political Ambassador?

BUSHNELL: I never had any problem with him. In general, in the State Department and in the Embassy people were not overly enthusiastic about him. However, he was more than willing to have me do most of the work contacting the economic figures in the government. He didn't pretend to master economic dialogue. He only wanted to present issues, when they were ready for presentation, to the President of Costa Rica. That approach gave me a lot of responsibility and maneuver room on economic matters.

Q: Did we have any such issues?

BUSHNELL: Few. Generally the President would present issues to him such a need for more AID funding. The Ambassador and the President would agree that their staffs would examine the details.

Q: You say that, when you arrived in Costa Rica, he had been in San Jose for a while.

BUSHNELL: He'd been in Costa Rica for a couple of years. I was in Costa Rica for three years [from 1965 to 1968]. He was there for my first year plus into early 1967, and Clarence Boonstra was Ambassador for my remaining time. Ambassador Boonstra was a career man originally from the Department of Agriculture. He had been DCM [Deputy Chief of Mission] in Mexico before coming to Costa Rica. He was an economist. By time he

arrived AID policy had been aligned to the productivity and economic expansion emphasis. Ambassador Boonstra was very supportive of what we were doing.

The AID Director also changed in the course of my tour. Al Farwell, who was there when I arrived, had been involved in the battle of AID priorities, which had been going on for a couple of years. He was on the AID social projects side. However, once we completed an analysis of what the basic problems of Costa Rica were, he moved quickly and effectively to support the changed emphasis. About half way through my tour he was replaced by Robert Black who was a leading AID economist. Black agreed with our priorities, but he seemed to think Costa Rica was a bit too rich to have an AID program.

Q: The DCM was Phillip Raines when you arrived. He was replaced by Kennedy Crockett.

BUSHNELL: Raines had departed before I arrived. Crockett had been Director of the Office of Caribbean Affairs; he arrived shortly before I did.

Q: Kennedy Crockett had the background for service as DCM from Washington's point of view.

BUSHNELL: Yes. I had worked with Ken on the Dominican Republic.

Q: What did Crockett do in the Dominican Republic?

BUSHNELL: He didn't serve in the Dominican Republic. He was what was called the Country Director - the Director of the Office of Caribbean Affairs for the whole time I was in the Dominican Republic. He visited the Dominican Republic several times before and during the 1965 crisis. I saw him also in Washington on each of my several visits, and he was always supportive and helpful with what I was trying to do. He was dedicated to helping the DR muddle through to a democratic and hopefully prosperous outcome. During my Costa Rican assignment I was formally part of the AID staff; AID reimbursed the State Department for my salary. Incidentally this detail also entitled me to certain AID benefits

which State personnel did not have such as furniture for the house and even a curtain allowance. I held the two titles of Second Secretary of Embassy and AID Program Officer.

Q: Was the junior economic officer Kenneth Bailey?

BUSHNELL: Yes, it was Kenneth Bailey the first couple years, and then Ford Cooper, who look over as head of the Economic Section when I left. Kennedy Crockett was concerned that we meet the requirements of the CERP [Combined Economic Reporting Program] and do all the things that every Embassy was supposed to do. I let those tasks lag while I was doing AID work, particularly during the first several months. However, we later managed to do all the CERP reporting and more. Hugh Lobit was the other officer in the Economic Section when I arrived. Within a few months he volunteered for duty in Vietnam and was killed during the Tet offensive.

Q: How about the Political Section of the Embassy in San Jose? Do you have any special comments on that?

BUSHNELL: When I arrived in San Jose, the Political Section was headed by Cabot Sedgwick.

Q: And then Ray Gonzalez came.

BUSHNELL: Cabot Sedgwick was a member of a different generation. He did not show any interest in economics or AID. Although I read much of the reporting of the political section, I actually didn't have much to do with him. Ray Gonzalez was a big change for the better, as far as I was concerned.. He was sensitive to the political nuances and properly concerned that the Embassy did not get too close to the Costa Rican government of the moment and that we maintain contact with many people outside the government. There was a real danger that the AID mission would become too much a part of the Costa Rican government. Many of our AID technicians actually had their only office in the Ministry which they supported. This relationship with the Costa Rican government was as close

as I have ever experienced. There are former French colonies in Africa where the French advisers to the local government had offices down the hall from African officials. These advisers were the people who really made the ministries run. While I don't think that we were in that position, it was a matter of concern that we not be perceived to be the people who made the ministries run. Some of these AID offices in the ministries had been open since Nelson Rockefeller was the Coordinator of Inter-American Affairs during World War II. These advisers had taken on certain responsibilities. Some Costa Rican government papers were routed through these advisers. In effect, they were part of the structure. By and large that wasn't a healthy relationship. Some AID advisers had been in Costa Rica for over six years - one for a dozen years. We substantially reduced that relationship as we reduced these programs.

Costa Rica is a small place and a small society. Word gets around quickly. It was an advantage to me to be young and not perceived as being a person who was giving orders. This made it possible for me to call frequently on the officials of the Central Bank and the Ministries of Finance and Planning without anyone taking much notice. Although Costa Rican sentiment against too much US influence was strong when I arrived, ironically it did not really break into the open until a couple of years later after we had in fact already reduced our presence substantially. A campaign against AID Director Black was launched attacking his role in supposedly ordering around Costa Rican officials and otherwise insulting Costa Ricans. It degenerated into personal attacks with one radio station broadcasting some new accusation every couple of hours, including such things as he hit his Costa Rican secretary. Members of the Congress as well a the radio stations demanded the government throw him out of the country. Several of us in the Embassy met with our contacts to try to quiet this storm; a couple of members of the Costa Rican Congress told me things Black reportedly said; I could tell the problem was partly his lack of command of Spanish and partly the eagerness of these opposition politicians to find a way to attack the government while wrapping the Costa Rican flag around themselves. Unlike the Embassy, AID did not make an effort to stay in regular contact with

the opposition. After a few days all the fuss quieted down, although the government never publicly defended Black or even itself.

Before I arrived in San Jose, the AID Mission Director and all the AID support staff, those who did not have offices in the various ministries, were in an office building across the street from the Embassy. I am convinced this physical separation and what I quickly saw as little contact between Embassy and AID people had contributed to the Embassy versus AID struggle. The Ambassador and DCM had decided that uniting the American Mission would be helped by moving at least the AID Director and Deputy Director into the Embassy building. However, there was no extra space in the Embassy. It took a lot of work to come up with a plan to expand the Embassy and even more work to convince Washington to fund the work on an expedited basis. Eventually a small number of the senior AID officials moved into what had been the economic section space plus a couple of adjacent offices. I kept the economic section chief's office next door to the AID director with our American secretaries sharing the space between. The cost to me was that all the rest of the economic section was moved downstairs to the expansion space and about as far away from me as the building across the street.

Q: I would like to touch briefly on other people who were in the Embassy or in the AID Mission. Bob Gershenson was the Administrative Officer of the Embassy. Later on, he ran the Office of Personnel in the State Department. Do you have any particular comment on him?

BUSHNELL: I have known Bob well for many years. When I was assigned to ARA [Bureau of American Republic Affairs], he was Executive Officer of ARA and a personal friend of mine. Both or wives gave birth in San Jose, and they are good friends. I consider him one of our greatest Administrative Officers. He did a tremendous job as Administrative Officer in Costa Rica. He was always interested in what was going on. He had a feel for the context. He wasn't just trying to balance the budget and handle personnel relations. He did those things well, but he put them in context. For example, I could never have brought

the senior AID people physically into the Embassy without the imagination of Bob in finding a way to expand the building on our limited lot and then his bureaucratic skills in getting it funded and then build practically overnight.

Bob paid attention to what was going on in the country and had good political instincts. In the spring of 1966 elections were held in Costa Rica and were predicted to be fairly close. At the Country Team meeting the week before the vote Ambassador Telles ran a sort of pool. Everybody picked who would win and by what percentage. Most people at the meeting picked the candidate of the Partido de la Liberacion [Liberation Party]. A few, including Bob Gershenson, picked the Opposition candidate, who won by almost exactly the margin Bob had predicted. Bob did better than any of the political officers in the Embassy. I kidded Bob, saying: “You know, you were just being contrary. You just said that to sound different.” He said: “No, I wasn't. Everybody in Costa Rica talks about politicians. Almost everyone on my staff is Costa Rican. I listen to them. They said they and most of their families were going to vote for the opposition candidate. That's what caused me to predict that outcome. However, I was lucky I got the right percentage.”

Q: Let me continue with those elections for a minute. What were others in the Embassy predicting? Temple Wanamaker was the PAO [Public Affairs Officer and chief representative of USIA - United States Information Agency]. Were his views a factor in your calculations on the outcome of this election? Did you have much contact with him?

BUSHNELL: I don't remember what others predicted. USIS had a big English-teaching program in Costa Rica. They did the usual exchange and public information things. The Costa Rican media got a lot of their material from USIS. We had a few public relations crises on AID or other economic matters. I felt that more direct action was needed on these matters than USIS was able to generate, so I worked directly with the press. This was never a problem for USIS. I should mention that one of the things I did on arrival in San Jose in order to smooth my unique role as head of the economic section and AID program officer was to establish that the AID Director would represent the Economic

Section as well as AID at the three-times-a-week small staff meeting chaired by the Ambassador. Thus I had less contact with the heads of other sections and agencies than would be usual for the Economic Section Head . This procedure did save me a lot of time. Eventually Ambassador Boonstra insisted that I attend his small staff meetings, but they were much shorter than those of Telles which could last hours.

Q: What did you think of the Peace Corps in Costa Rica?

BUSHNELL: The Peace Corps contingent was large. I would sometimes talk to incoming groups. Costa Rica was a good country for them. Most of the volunteers would go into the countryside and were readily accepted there. I think in Costa Rica the volunteers got more out of this program than the Costa Ricans did. I visited a few of the volunteers in the countryside. They were helping to bring in new crops and also helping the people raise chickens in a more professional way. They made a difference to a small group of people in whatever small place they were working. That's what this program was all about, and I think they made a good name for America.

AID had a program to provide small grants for local self-help projects. These were hard grants to administer and meet the AID requirements for procurement and contracting so not many were being done. I worked out arrangements so that Peace Corp volunteers could help those they were working with apply for these small grants; AID then relied on the Peace Corp person to provide it most of the documentation. This program really took off as it provided the small-scale resources Peace Corp volunteers had been missing. Several volunteers became quite expert in meeting the AID requirements so we in AID did not have to do much. Eventually, when his Peace Corp tour was over, we hired one of these volunteers as assistant program officer. . Q: Is there anything you can say about the CIA [Central Intelligence Agency] in Costa Rica ?

BUSHNELL: I didn't have much to do with the CIA. I don't know what so many agents did in Costa Rica. I only learned about the CIA much later in my career.

Q: Did you have the impression that the CIA people were a bunch of shadows floating around?

BUSHNELL: A couple of CIA people were personal friends. Costa Rica was an open society, and they, like everyone else, had ready access.

Q: Could you say a little bit more about the political and economic situation, as it was during the time that you were there, and particularly during the elections?

BUSHNELL: I arrived in Costa Rica in November, 1965. The elections were held in March, 1966. The Partido de la Liberacion [Liberation Party], the party of Jose Figueres, was in power and had spent its way into inflation and foreign debt problems. The President was Francisco Orlich. Under the Constitution a president can not succeed himself. Although the tradition in Costa Rica was that the opposition wins presidential elections leading to an alternation in power, the opposition was fragmented. However, it won with Jose Trejos, a math and economic professor elected president in his first try for public office. I tried to establish contacts with the incoming economic team.

Q: The incoming group was in opposition to the Figueres party?

BUSHNELL: They were what we might call the conservative opposition to the Liberation Party. The Figueres party had a progressive outlook and wanted to expand the state to provide more services to both the poor and middle-class — just about everyone in Costa Rica. The opposition group was more business-oriented although Trejos had been a professor most of his life.

Q: The opposition was known as the National Party.

BUSHNELL: These two parties were sort of like the Republicans and the Democrats in the United States. The Partido de la Liberacion was more like the Democratic Party, and the National Party was more like the Republicans.

Q: The elections in Costa Rica were always vigorously contested.

BUSHNELL: Yes, very vigorously contested. The presidential elections were held at the same time as the elections for the Legislative Assembly. The President, Vice President, members of the unicameral legislature, and local officials are elected every four years. After the election I took advantage of a USIS [United States Information Service] exchange program. We brought in a US professor, whose name escapes me now, a policy oriented economist. By this time I knew some of the officials from the outgoing Liberation Party fairly well. I didn't know the incoming officials from the National Party. One of the members of the Board of Directors of the Central Bank, with whom I had been working closely, had a brother-in-law who was in the opposition and was to became the Planning Minister of Costa Rica. I proposed to the Central Bank director that we get a few officials of the government to be taking office in a few weeks together with this US professor. I suggested we go off somewhere and spend a weekend to discuss the economic problems in the country. He liked that idea. USIS thought that it was a good scheme and arranged to fly all of us to a place on the Pacific coast where USIS had arranged for us to stay in a house. We had discussions with three men who were to have senior positions in the new government. Their jobs had not even been firmly determined. It was fairly soon after the elections and before the cabinet had been chosen.

The six of us spent two days into the nights discussing Costa Rica's economic problems. Unfortunately, the visiting professor didn't speak Spanish. Some of the Costa Ricans had excellent English, and we translated. The US professor had no knowledge of Costa Rica. So the Costa Ricans explained the situation in Costa Rica to him and, of course, to me. The official of the outgoing government had the opportunity to lay out the current difficult situation including the key numbers in a friendly way. The conversation focused on things that were important. The exchange was very useful to me because it made it possible to establish a relationship with these Costa Rican leaders, two of whom eventually became the Finance and Planning Ministers, while the other man became a member of the Board

of Directors of the Central Bank. Right from the beginning we had an open discussion with them and the opportunity to explain how we saw certain problems and what AID was doing.

This visiting professor was traveling under what USIS calls a leader grant. It was a very useful way to develop these relationships and discussions. However, I don't think our professor from the United States reached the point where he would be considered a Costa Rican expert. He was particularly good in mentioning how other countries had solved similar problems by relying on market forces.

The new Costa Rican government took power. It was encouraging to see that most ministers saw their economic problems pretty much the way that we then saw them. I spent most of the rest of my time in Costa Rica trying to help these leaders improve the situation. This gave me a sense of great personal satisfaction. When we had the discussions at the beach, Alberto Demare was one of the participants. He was the brother-in-law of my friend at the Central Bank. He became Planning Minister in the Trejos government which took over in the spring of 1966.

He invited me for additional discussions even before he assumed his office. I invited him to lunch at my house, just the two of us. He said they had problems getting good technical people to work in their government because salaries were so low. They knew a Costa Rican who had just finished his Ph. D. degree in economics at the University of California in Berkeley. Demare said that this was really the sort of person they would like to include in the government. He had this advanced training, and he had been all through university in the United States. However, he was too inexperienced to be a member of the Costa Rican cabinet. The Costa Rican government wanted to hire him, but he had been offered a position, an assistant professorship on the faculty at the University of California in Berkeley, which paid reasonably well. The Costa Rican government couldn't come close to matching this salary. Such an offer from the University of California at Berkeley suggested to me that Costa Rica really was losing a key talent. In the way that Costa

Ricans often turned to us when they could not solve a problem, Demare raised this matter with me. He said: “We'd really like to get this guy back to Costa Rica.” It seemed to me that it would be very much in the US interest for this young man to return to Costa Rica and take a senior job in the incoming government. He had the necessary education, at least one year of which had been supported by some kind of US grant. He had financed most of his education on his own.

I went back to my office and tried to find an imaginative solution. We could not make him an AID contractor and have him hold government responsibilities. However, there was a fund from the repayment of some old US loans which the Costa Ricans had to repay in local currency and which was then jointly programmed by the Costa Rican government and AID. I suggested we agree with the Costa Rican government to pay this young man a monthly stipend out of this joint pot of money to make up sufficient compensation to bring him back to Costa Rica. The amount was quite small. Some in the Embassy felt that this situation would be a bit awkward. I also felt it was a bit awkward, but we could find no alternative. I suggested Demare have President Trejos raise the problem with Ambassador Telles if it were important. Trejos raised it as about the first thing he discussed with Telles, who of course wanted to get off on the right foot with the new President. The arrangement was made. Rodriguez became the Deputy Planning Minister and only a handful of people in both governments knew this fund sent him a monthly check. He was a close contact of mine, and he did great work. At that time he said that he might eventually go back to the U.S. to a university. However, he and his family settled down in Costa Rica and in addition to business interests he continued in political life. Today he is the President of Costa Rica. He was defeated the first time he ran in 1994, but in 1998 he was elected.

Q: What was his name?

BUSHNELL: Miguel Angel Rodriguez. He got great experience as deputy planning minister. His and Demare's offices were in the same building as the President. The Planning Office was really the Office of the President's economic advisers. Miguel was a

good economist. Of course, I got to know him well, and I found he was not the one who wanted to come back to Costa Rica.. His wife, also a Costa Rican, wanted to come back to her family. He later told me: “You know, coming up with that money made the difference. Otherwise we wouldn't have come back.”

Q: Costa Rica is a strong country in terms of political, economic, and social circumstances. You really could become well acquainted with key figures in the government. So interaction with them was easier than it would be in lots of other places.

BUSHNELL: That's certainly true, but many in the official US community did not take advantage of this situation. Most had a few Costa Rican friends but circulated mainly with other Americans. There was a large American community.

Q: There are thousands of Americans who have retired and are living in Costa Rica.

BUSHNELL: Yes. Not nearly as many then as now, but a lot. So it was easy to spend your time living in an American atmosphere. There was also an American-Costa Rican community which was sort of half and half. The members of this community was oriented toward what people used to call the oligarchy. They included the rich and other people who were members of the prestigious Country Club. Officers, especially AID [Agency for International Development] officials, did not have the broad contacts that one would have expected in that sort of society, especially some who had lived there for many years. You had to work a little at developing contacts. It wasn't that hard, and it didn't take that much entertaining.

Our representation allowance was quite sufficient although we did a great deal of at-home entertaining. Fortunately, because I was going to this joint AID/Embassy position, the Embassy rented a nice large house for us. It was the house the previous economic section chief had rented for himself, but he was two grades more senior than I was. Most Embassy officers rented their own houses and received a housing allowance. We were invited back by Costa Ricans, to some extent, but not a lot. I think most Costa Rican government

officials were embarrassed about the modesty of their homes and were reluctant to invite you to their homes. For example, I knew Alberto Demare, the Planning Minister, very well. He and his wife had often been to our house, and he often came to lunch. He would invite me to lunch, either at the dining room at the National Palace or some place else. However, I was never in his home. During the whole three years we were in Costa Rica, there were probably only half a dozen Costa Ricans who invited us to their homes.

Costa Ricans don't do much entertaining beyond the family group. Costa Rican society is a modest society; there are few wealthy. Middle-class Costa Ricans have domestic servants, but most don't have servants who serve the table. They may have someone to do the cleanup and the cooking, but Costa Rican society is different from the of society one finds in most of Latin America. We had several maids over the three years, and in every case my wife had to train them to serve the table properly. I did not find it hard to get to know Costa Ricans very well professionally. However, one tended not to get to know them very well socially.

Q: Can you say a little more about your actual, working situation? How did combining the two jobs work?

BUSHNELL: There were certain things where I had to be diplomatic. I went to large Country Team meetings as did the AID Mission Director. I generally left it to him to speak about AID matters. I would deal with economic policy questions. I saw my role at Country Team meetings as the head of the Economic Section, rather than as Program Office of AID. I spent most of my time on AID work, although I spent a lot of time helping the more junior economic officers do the reporting in the Economic Section. I found that being AID Program Officer required writing or at least editing several books per year which summarized every detail of every little program in which we were involved. Fortunately, I had a very good Assistant Program Officer. After a year or so in San Jose, I managed to move into a position in AID called Loan Officer. I then moved up my former assistant to be the AID Program Officer to handle all of this voluminous writing to justify the technical

assistance programs. Thereafter, I could spend more time on supporting and justifying the loan program, which is where the bulk of the money was. The AID grant program only covered about $1.0 million a year in addition to the salaries and costs of American personnel.

We made various loans to Costa Rica. We tried to respond to the problems that I have identified. There was the problem of a nationalized banking system. We made a little progress in getting the Costa Ricans to open that up. They had already agreed to authorize the opening of private, development banks. These private banks could not accept deposits, but they could extend loans. There was one private bank which AID had supported. I justified another loan to expand long-term financing available outside the government sector. We had a loan project supposedly justified to support an agrarian reform program. What it really involved was a program to determine land boundaries, because most of the land in Costa Rica had never been professionally surveyed and titled. People really didn't have proper titles to the land. They may have been living on a property for generations, but it had never been properly surveyed. Often there were questions involving the boundaries, and even the nationalized banks would not lend on the basis of property that was not properly registered.. This situation interfered with the development of these rural properties. This loan project aimed at building up expertise and at financing the jeeps and equipment needed by people who went out into the field to do the surveying. Then, on the basis of these surveys, land titles could be issued.

We had long discussions about monetary and fiscal policies with the Costa Ricans. I proposed to Washington that we extend a program loan to support improved economic policies, as we had done in Colombia. Eventually, we justified this lending and extended a program loan for $3.0 million. This was really peanuts. I think that Washington let us have this only because I had done so much work justifying the loan. But the Costa Ricans were appreciative. It helped them in what they were trying to do to improve their revenue base. Lending activity also provided me with a reason to travel frequently to Washington. Once

I became the Loan Officer, I went to Washington to justify each loan under consideration there.

Q: What was the volume of these loans?

BUSHNELL: They weren't particularly large. Remember we are talking about the 1960's. I think that our overall loan program in Costa Rica amounted to less than $20 million per year. Our grant aid program including all the contracts and other costs was not more than $5 million per year. When I arrived in Costa Rica, we had a large AID Mission. It steadily grew smaller because we were cutting back on technical assistance. We were getting out of a lot of ministries and programs. This approach of having somebody in every ministry and having some, little program in each ministry had changed. These small traditional programs were very labor intensive. Moreover, by the 1960's many Costa Ricans had graduated from US and other major universities and gained experience in other countries. In most cases there was a Costa Rican expert who could do what an American could do more effectively and at much less cost.

We introduced new programs to support the new AID thrust. For example, we brought in a four-man team from the IRS [Internal Revenue Service] to help re-tool the Costa Rican tax collection system. In connection with the loan for land boundaries and agrarian reform we had a private American contractor who had six or seven people organizing the cadastral effort. We brought in an economic policy team from the Nathan Group. We had a contract with the University of Florida to provide open ended agricultural expertise and even an agricultural economist.

This extensive program with the University of Florida I negotiated to overcome our bureaucratic slowness. The Costa Ricans would encounter say some animal disease which was new to the area. By the time we justified an AID project, submitted it to Washington, received approval, went out for bids, and negotiated a contract with some institution a year and a half later, the problem had either been solved or the animals were

all dead. What we needed was an arrangement permitting us to contact some agency quickly that was already under contract and already and had the money programmed to provide the expertise within days. I went to the University of Florida in Gainesville and talked with them about a flexible arrangement. Tropical agricultural was a primary focus for the University of Florida. The university provided a couple of people on a one-year or two-year assignment. Then, when a technical problem arose, they would either send somebody from their staff or they would be the intermediary in finding and sending somebody from another entity. They would send a person to Costa Rica for a couple of weeks, or in some cases someone would go up from one of the ministries or institutes in Costa Rica to the University of Florida with samples, test tubes, or whatever. We adopted a results oriented project. Meanwhile we cut back on AID people working in the ministries.

In general, I tried to focus on getting the new programs approved and organized and avoided spending much time during the implementation phase. The population program was one in which I took a special continuing interest. The population was growing very fast in Costa Rica. The birth rate was one of the highest in the world, although it was an educated population, and the infant mortality rate was not much higher than in the United States. There was hardly anything going on in terms of population planning, in part because the Catholic Church was opposed to birth control and was strong in Costa Rica.

Q: And Costa Rica had one of the higher population growth rates in the world.

BUSHNELL: Yes, the children survived because they had decent diets and health services. Life expectancy was 65 or something like that. The situation wasn't like that in some other countries where life expectancy is low and there is a high birth rate. There was an intellectual gap. People just hadn't focused on the population problem. I came up with the idea that we take a group of Costa Rican thinkers and people of influence to attend the International Planned Parenthood Conference, which was to be held in Santiago, Chile. We established an AID budget, and we invited some key Costa Ricans to go. It was part of my education when I asked whom we should invite. The first people we asked were our

AID advisers in the Ministry of Public Health. They couldn't get any further than proposing to invite the minister. The minister was a real problem in this area and was unlikely to go if we invited him. I had to get into this in detail and work on getting together a list of proposed participants. I started by listing former President Figueres, because he was the old man with great sway in the Liberation Party.

Q: And because you knew him better than others?

BUSHNELL: I knew him, but he was invited by the Ambassador.

Q: He had previously been President and was again President, later on, some time in the 1970's. In any case, he was the outstanding politician in Costa Rica.

BUSHNELL: Yes. The Ambassador invited him to go to this conference at AID expense, and I invited the director of the editorial page of one newspaper and an executive from another newspaper. One of them was a good journalist, and the other was really a businessman, although years later he became foreign minister. I also invited a professor from the University of Costa Rica, who had been fairly outspoken in this area. Finally, we paid for six people to attend the conference. I went with them.

The conference was a revelation for these six people, because, of course, the world was discussing what to do about abortion and promotion of birth control was taken as a given. Some speakers said perhaps you shouldn't force people to limit the number of children in a family, but others favored state restrictions on family size . The debate at the conference was so far removed from the debate in Costa Rica that these Costa Ricans could see that they were in the dark ages on population matters. I didn't have to say a thing. They just listened to the presentations, and, of course, they talked with other people there, including many Latin Americans. After they returned to Costa Rica, it wasn't long before the leading newspapers began running editorials urging that Costs Rica had to address the population issue. Discussions were organized at the university and by the political parties. Practically

overnight the interest in and attention to this problem spread like wild flowers, and the six AID participants were very evident as promoters of the debate.

The professor, who was one of the Costa Rican participants at the conference, developed a big movement to promote family planning based at the University of Costa Rica. Within a year the Costa Rican government found that it could begin supporting family planning programs and allowing private groups to do so. This International Planned Parenthood Conference really turned around thinking and action in Costa Rica. Or at least it speeded up the turn around. The trip to this conference in Santiago, Chile, exposed these key Costa Rican leaders to the issues of rapid population growth and what other countries were doing to manage the population explosion. A few active, well-placed leaders can make quite a difference in a small democratic country. Organizing the trip took a lot of my time, but not much AID money.

I had a routine to which I got accustomed, although it was hard on my family. Most Saturday mornings I would meet with Demare at the Ministry of Planning. Often Demare's deputy, Rodriguez, would be with us. They worked regularly on Saturday mornings when we would have time without lots of interruptions by phone calls or requests from the President. Demare would raise those things on which he wanted help or on which he just wanted to exchange ideas. I would have a number of issues where our programs had bogged down or something wasn't working within the Costa Rican government. It was an effective way of coordinating because the next week the Planning Minister would work with others in his government to resolve problems, often getting President Trejos to issue the needed order or make a phone call.

Q: What was your proudest achievement in Costa Rica, when you look back on your time there?

BUSHNELL: I don't know that any single thing stands out. It was not my achievement, but I had much satisfaction from contributing to the real change in population policy. I think I

also contributed to the positive change in economic policies getting the economy on a road to rapid economic growth that has sustained the high level of social expenditures over the past quarter century. I could mention the arrangements for close working cooperation made between the Embassy and AID during the three years I was in Costa Rica. When you think of the disputes that had taken place just before I went there, however large or small they were, they were no longer taking place. Everyone was working from the same script. However, by the time I was leaving Costa Rica the agreement for integration between the Department of State and AID in Washington was coming apart; the Alliance for Progress was dying.

Another thing that took a lot of my time but without much in the area of achievements was work to support the Central American Common Market and develop it. By 1965 we had a separate AID Mission in Central America focused on economic integration and regional institutions, known as ROCAP [Regional Office for Central American Programs]. Embassies and AID missions in the individual countries did not have regional integration as a priority focus although they were supposed to support it. ROCAP was based in Guatemala City, and the Mission Director was Oliver Sause. Each country in Central America wanted to develop industries as they saw industrialization as the route to higher productivity and prosperity. However, these markets individually weren't large enough to support many industries. For example, you couldn't build much of a petro-chemical or automobile industry based on the Costa Rican market. Costa Rica had large banana exports, and, when the banana exports began to be shipped in cardboard boxes, it was possible to set up factories to make cardboard boxes because the economies of scale were there. Costa Rica could also support some light industry, but there wasn't a big enough market to support large-scale industrialization. In Costa Rica there were only 1.5 million people, who were not very wealthy. The same was true of the other countries of Central America; they had somewhat larger populations but the average income was substantially less.

It was obvious that, if they were going to industrialize, other than to export the production which would have required world-class efficiency, the countries of Central America would have to become much more integrated than they were. They could expand their market by developing a single Central American market. It would encourage investments and result in many new higher paid industrial jobs By the time I arrived in Costa Rica, they were well embarked on this integration. However, their method was not very constructive; the governments agreed that one Central American country should have a steel industry, another country a chemical industry, while still another country would do something else. Then every country would have a little monopoly, and they would trade the products with each other while protecting all their markets from competition from the rest of the world.

Q: That would take too much planning. It would require an overall plan.

BUSHNELL: Yes. Like a communist system, industries had been allocated to one country or another, mainly on the basis of political compromises not according to likely efficiency. Because they would all have lots of tariff protection, they would end up with very high priced output, with low volume, low efficiency, but perhaps high profits for the owners whether they be Central American or foreign investors. Of course, that wouldn't work. Thus many industries were stalled. Moreover, the loss of government revenue from import taxes on many industrial goods now being purchased within Central America was a major contributor to the fiscal problems of all the countries. It was these fiscal constrains that made it impossible for the countries to expand the social programs which were at the heart of the Alliance for Progress.

Q: The approach should have been just to reduce or eliminate tariffs among the various Central American countries, and then let the market determine who did what.

BUSHNELL: There was some of that, and there was increasing trade among the Central American countries. The big problem was what they did with the common, external tariffs and whether they would put up or keep sufficiently high tariffs to protect each other's

industries. This is where the arrangement finally broke down. Each country thought that it was getting a lousy deal. There was a lot of friction, and this whole planning arrangement was rapidly coming apart. It was also proving very difficult to develop Central American institutions that would really work in the Central American context. To a considerable extent each government saw regional institutions as no more than a place to give their friends comfortable jobs. Actually I thought there were lots of opportunities for economies of scale in Central American cooperation or integration outside the trade area. For example, it made sense to have one technical institute to set standards for all the countries; concentration of research and advanced training on agricultural or health matters of concern to all the countries was about the only way real progress would be made. As university education expanded, it was reasonable for the various universities to specialize, especially at the graduate level, so that one would be advanced in engineering, another in microbiology or statistics. Some joint diplomatic representation even made sense as it was too expensive for each of these small countries to maintain embassies in many places.

In 1966 and 1967 Central American economic integration was suffering from severe indigestion. Sitting as we were in Costa Rica, we had an even bigger problem overarching the economic integration situation. Costa Ricans saw themselves as the only democratic country in Central America with no military establishment and with values different from the other four Central American countries. They saw that economic unification had a political overlay as part of this same process. Thus Costa Ricans were increasingly seeing Central American economic integration as a threat to their democracy and to their social values. Remember all four other governments in Central America at this time were dominated by military institutions and were more authoritarian than democratic; also education levels elsewhere were far below the Costa Rican level. These concerns were shared by both the more conservative and business-oriented Trejos government and the outgoing Liberation Party even though it had signed the integration treaties. Central American integrations was an area of major issues for the Ticos. At first I wasn't much involved

because Embassy and AID efforts were just supportive of the integration process, and ROCAP was responsible. Of course I heard a lot about it from Costa Ricans.

Q: And ROCAP and Sause had the lead on these problems?

BUSHNELL: That's right. ROCAP had a lot of people in Guatemala. ROCAP also had a few American technicians who were stationed in the other countries where regional projects were centered. In Costa Rica the AID Mission, with the help of the ROCAP people, implemented certain projects which were regional in nature. For example, one of the regional projects with which I had the most problems was a regional textbook program. The idea was to develop and supply standard textbooks that would be used in primary schools throughout Central America. This was a large AID-sponsored program. AID allocated an immense amount of money to bring together educated, textbook writers from the five countries of Central America to write the books.

Q: Was the purpose to de-emphasize the nationalism?

BUSHNELL: At least to recognize that it existed. The whole program never got beyond the fourth grade level. I don't know how much you could or should do in terms of a common Central American approach to elementary reading, math, and Spanish. However, the Central Americans thought that they could develop a common Central American outlook, and this approach seemed to have great appeal to the AID educators involved. There is a superficial appeal to at least make students aware of the other countries of Central America by having the textbooks describe the situation in various countries. Instead of saying that if you have five Costa Ricans and then you have an additional four Costa Ricans, how many Costa Ricans did you have? You could say that if you have five Costa Ricans and four Guatemalans, how many Central Americans did you have?

Of course, it was very hard to get agreement on the content of the new Central American textbooks. Then AID donated enough money to provide one textbook for each student for the first year. This was a revolutionary approach in the four other countries of Central

America because their schools never had anything like one textbook for each subject per pupil. For the first time, the pupils were getting textbooks that the pupils didn't have to buy. In Costa Rica, of course, they had had textbooks. There were even publishers of textbooks who saw their market being destroyed. There was a big argument about replacing the Costa Rican textbooks which they had been using. Finally the texts made available to the Costa Rican pupils were to be supplementary, rather than replacements. Then, after the first printing which AID paid for, the various countries were supposed to pay for printing subsequent issues of these books. Then the question arose: “Is every country going to print its own textbooks or is there going to be a central printing plant for all of them?” Obviously, there would be economies of scale to produce the books at one plant. Then there were negotiations about which country was going to print each book The printing job was to be divided up. Increasingly, the Costa Ricans became concerned that regionally written books would weaken the Costa Rican traditions of democracy, universal education, and equality. I was surprised to find that AID technicians were pressing Costa Ricans to accept more authoritarian and militaristic concepts from the other countries for the sake of making the regional project fly. Human rights was not a big thing in our foreign policy yet, but I was bothered that the U.S. was not on the side of Costa Rica in defending the principals we believe in. In fact in several respects US support for regional integration caused us to support policies we normally were against from high tariffs and industry planning to excessive bureaucracy in regional institutions.

Sometime, in 1967 I believe, Washington came to the conclusion that we needed to help the Central American countries more on an their overall economic policies, so they would be more efficient producers and so their tax structures could begin to yield the revenue needed for the social programs of the Alliance for Progress. AID Washington set up an American working group to put heads together among Americans and then talk with the Central Americans and work out how the U.S. could be helpful in moving the Central American countries forward on efficient production and an adequate tax structure. After considerable discussion Washington named a three-member committee composed of

Ollie Sause, Mission director of ROCAP [Regional Office for Central American Programs], Deane Hinton, AID Mission Director and Economic Counselor in Guatemala, and me. This project took up a lot of time wherever we met. Once we met in Costa Rica, but we would usually meet in Guatemala where the other two were resident. Of course, there were Central American institutions in other countries, and a few times we met in El Salvador and Honduras to have discussions with regional institutions there.

Q: This was in 1967?

BUSHNELL: I think it started in 1967 and extended into 1968. We would meet and try to prepare reports to analyzing the Central American situation and areas for US emphasis. We tried to make ROCAP programs more economic policy-oriented. In the wake of projects like paying for textbooks, we recommended more focus on economic policies, such as improving the tax structure and understanding the true costs of competitive incentives for new industries. We tried to work with the principal institutions of Central America such SIECA along the same lines. It was hard to make any progress. The divisive pressures within Central America were growing, and all of this effort actually came to very little. However, it took up a lot of time.

Q: What was the principal inspiration or stimulus for all of this? Was it indigenous or was it something that we tried to impose from Washington?

BUSHNELL: There was a certain element of each. As the years passed, the view of the Alliance for Progress as a program to build schools, houses, health centers, and water wells was changing to focus on helping the various countries get their economic policies right, so that these social projects could be implemented without the U.S. doing them. There was also a growing realization both in Washington and in Central America that, although economic integration and a common market were the right approach, there were important pitfalls in the ways integration was in fact moving forward. The same metamorphosis that was taking place in the bilateral program in Costa Rica was

being applied at the regional level. The pressure was from the same economic officers in Washington, such as Ray Sternfeld, David Bronheim, Don Palmer, and Bill Stedman, who were pushing this same thrust for ROCAP.

Q: ROCAP is an acronym...

BUSHNELL: ROCAP stands for the Regional Office for Central American Programs. ROCAP was the AID Mission dealing with the regional institutions in Central America. At the same time AID thinking was changing, many Central Americans economists, and the Costa Ricans in particular, were becoming concerned with what they saw happening on regional policies. The Central American Common Market wasn't developing along the lines that they would like to have seen. In the early 1960's there had been some large increases in trade among the Central American countries. There was an opening up for trade by existing industries. You would see Costa Rican beer in Managua [Nicaragua], and you could see Nicaraguan beer in Costa Rica, with such trade benefiting consumer choice and sometimes price competition in both trading partners. In short lowered trade barriers among the Central American countries on many, but far from all, commodities resulted in quite spectacular increases in trade, albeit from a low base.

However, this process was running out of steam, and it was not generating the sort of investment in new productive facilities that was needed and that the Costa Ricans and others had expected from the initiation of the common market. The Costa Ricans didn't like the detailed state planning involved in designating which countries would get which new industries. Much of this planning seemed to involve industries which would be hard to develop anywhere, let alone in largely undeveloped Central America. Which country should build ships? None had ever build anything bigger than a fishing vessel. These were questions of considerable intellectual analysis and, indeed, growing public debate at least in Costa Rica. This growing debate was helpful to our committee because we could talk about issues which many Central Americans also saw as problems. However, neither we nor they had much in the way of politically feasible solutions, given

the considerable amount of nationalistic overlay and the unrealistic expectations which the original promoters of the Central American Common Market had generated.. The Costa Ricans thought that in some of the other Central American countries there was what one might call the establishment or the oligarchy willing to take virtually anything that anyone was willing to give them but unwilling to share their power even within their countries.
A true common market with no restriction on trade among the countries would have meant a substantial opening up of the market and a reliance on market forces instead of bureaucratic control. The oligarchies based much of their authority on their bureaucratic power.

Q: Any further comment on what Ollie Sause and Deane Hinton did in Central America?

BUSHNELL: They were very capable. We had no major disagreements among the three of us. None of us found any magic bullet for the real problems. This committee was a great, learning experience for me, especially the opportunity to get to know Deane Hinton He was a very good economist with an exceptional eye for the political aspects.

Q: You knew him later.

BUSHNELL: Yes, later when I was on the NSC staff and then through much of the rest of our careers our paths crossed frequently. Ollie Sause, although an AID officer, was very diplomatic in dealing with the Central American bureaucrats, who had considerable egos, at the regional institutions. Deane Hinton was extremely good at drawing them out and getting them to think through the issues. He led them to draw the inevitable conclusions, even though they didn't like them. I learned a lot from this experience on ways to use interviews for accomplishing one's objectives. Of course, they were both much more experienced in doing this than I was.

Q: When did these talks basically collapse? Did this happen by the time you left Costa Rica?

BUSHNELL: No. I think they were still going on when I left Costa Rica, but they had lost steam. Central American trade was still expanding although more slowly; most plans for new Central American industries never got far. The “soccer” war between El Salvador and Honduras in 1969, the year after I left Costa Rica, really set back the integration process and made most of the suggestions our committee had developed mute. In the mid-1970's the work on integration picked up some steam, but worldwide commodity prices dropped, and each country began boosting tariffs willy-nilly, including tariffs which affected the neighboring countries. Of course, that was breaking the rules. Then another blow to Central American integration was the Sandinista takeover of Nicaragua in 1979. The integration effort has now been resurrected, and the three northern countries of Central America are acting much more as a common market. All Central American countries now have democratic governments. They are now starting to talk about moving toward one political identity. They also have now brought in Panama and to some extent the Dominican Republic and Belize.

A number of Central American projects have received strong international support, including the infrastructure to trade electricity back and forth. Some of these ideas seem promising. For example, with the effects on rainfall of the El Nino current in the Pacific the water supply for hydro power is unreliable, especially during a couple of consecutive dry years caused by El Nino in Honduras which has the most hydro potential. However, El Nino tends to dump more water on Costa Rica, and the thermal capacity of other countries could help Honduras during dry spells while Honduran cheap power, surplus most of the time, could keep costs down in the other countries. After a couple of decades of building, the road infrastructure connecting the five countries was pretty well completed by the time I left Central America. Central American integration prospects are better now than they were when I was there. Integration done right has the potential to make the Central American countries more outward looking, in exporting to the rest of the world as well as to each other.

Q: What else do you recall about your Costa Rican experiences?

BUSHNELL: We might touch on a couple of things. Our sixth wedding anniversary was one of the most eventful days in our lives and illustrates the variety of Foreign Service experiences.

Q: What was the date of that?

BUSHNELL: September 2, 1968. It was a Sunday, which is usually not a stressful day in the Foreign Service. As it happened, we were hosting the Country Director for Central America, who was doing a tour through the area.

Q: Who was this?

BUSHNELL: It was Dick Breen. He was an AID [Agency for International Development] officer. AID and State had been integrated. Although it was unusual for an AID officer to be the senior officer on a country desk, he was. Dick ran a very good office and gave as much attention to State Department as AID issues. At the time, I was also working for both State and AID. That was one reason why he stayed with us, although I also knew Dick Breen fairly well. It had been a terrible week for Dick, and for the whole Foreign Service.

Early that week, Breen's first stop on this trip was Guatemala where our Ambassador, Gordon Mein, gave a luncheon in Breen's honor. A number of Guatemalan officials were present. As Breen and the Ambassador were about to leave the Ambassadorial residence to ride back to the Embassy together, Mrs. Mein said she had some things to resolve with the Ambassador in connection with the dinner which they were giving that evening in Dick Breen's honor. Ambassador Mein asked if there were another car available. There was, and Dick returned to the Embassy in that car, while Ambassador Mein stayed a few minutes at the Residence. A few minutes later Ambassador Mein's car was ambushed on the way back to the Embassy, and the Ambassador was killed. Dick considered that

episode a “near death experience” for him, not to mention that it was a terrible thing for all of us in the Foreign Service.

Dick canceled some other stops and then came straight to Costa Rica at the end of the week after handling the crisis in Guatemala.. We scheduled almost every minute of his visit to keep Dick's mind off the murder of Ambassador Mein. On Sunday morning, even though it was our wedding anniversary, we got up very early to take a plane. My wife was coming, and the three of us were flying to the Guanacaste Peninsula of Costa Rica in the northwestern province of Costa Rica on the Pacific. We had sent a car and driver ahead to meet us at Nicoya airport. We planned to meet with some Peace Corps volunteers and to see some AID projects. Then we were going to visit the Arenal volcano which had erupted violently a few months earlier after nearly a thousand years of dormancy. We were scheduled to leave the San Jose downtown airport at 6:00 AM, so we were having breakfast at home at about 5:00 AM; it was still dark.

My wife, Ann, said to Dick Breen: “I think you've been married longer than we have. Tell me, does the Seven Year Itch begin at the beginning of the seventh year or at the end of the year?” This was our sixth wedding anniversary, the beginning of our seventh year. Dick didn't have any answer, particularly at 5:00 AM. However, when he returned to Washington at the end of this trip, Dick had a meeting with his entire State/AID staff to report on his trip and assign follow-up tasks. He said he had been asked several questions. He wanted people to work on them and give him their answers. After dealing with several business questions, he said that Mrs. Bushnell had asked him this question about the Seven Year Itch and he needed to get back to her with the official State/AID position. For the rest of that year various of my friends in Washington would ask me whether I had yet had the Seven Year Itch.

Q: I would figure that you would be too busy to have the Seven Year Itch. [Laughter]

BUSHNELL: I probably was. We flew to the Guanacaste Peninsula and drove to the house of a Peace Corp volunteer. We had notified him that we were coming. I guess we got to his house about 8:00 AM. We knocked on the door several times and got no answer. I went around to the back door but got no response. Then the front door opened, and the volunteer let us in, somewhat embarrassed. We had a limited chat. He didn't seem to be in a chatty mood. It was a brief visit, and we had the feeling he was not the only person in the house. We went out the front door and found the car had disappeared, along with my wife. Ann had chosen wisely to stay in the car rather than to come into the house with us.

There was some street vendor nearby whom I asked him where the car had gone. When we had gone into the house, Ann noticed the church bells were ringing and asked the driver if Mass was being said at that time. He said: “Yes. The church is only two blocks away.” She thought she would sneak into Mass while Dick and I were talking to our Peace Corp friend. We walked to the church. Mass was soon over, and Ann went with us to visit some AID projects. Then we drove off the Guanacaste Peninsula and up into the mountains toward the Arenal volcano which was still erupting, albeit much milder than during the first weeks of this eruption.

For some years AID had been providing support for the Costa Rican Volcano Institute. Until recently we had even had a volcano expert from the US Geological Service working with the Costa Ricans. Thus some of the top Costa Rican experts were meeting us to show Dick Breen the area of the eruption. The Costa Rican Volcano Institute had lost several of its people who had been killed on the slopes of Arenal by the first eruption. There had been less than 75 people killed, but there was great damage to all the towns and farms in the vicinity, and the residents had had to leave. One question was how much aid we should contribute for the emergency and recovery efforts.

A small group of Costa Rican officials, including volcano experts, met us on the main road where one takes unpaved access roads and trails for the remaining 15-20 miles to the volcano. They had two jeeps. We got into the jeeps and went up an unpaved road

toward the volcano. As we proceeded the road and the entire countryside was covered by a thicker and thicker layer of volcanic ash. It was raining, a light rain. Soon there were a couple of feet of volcanic ash along the side of the road. We came to a river, where we had to stop. Ann said she wasn't feeling well and would prefer not to take the bumpy ride up toward the summit of the volcano. We left one jeep with her and a driver. We forded the river and continued several miles up, where there had been a town. The volcanic ash was piled up literally over the roofs of some of the houses, although the top edges of the roofs were visible through the ash. As we approached the town, there were fence posts along the side of the road, but you couldn't even see them in most places. It became more and more questionable as to where the road really was, with the rain and all of the ash. A little farther on boulders had been thrown out of the volcano, and landed with tremendous explosions and made big holes, 20 or 30 feet across. The craters were basically in ash. The surface of the entire area was like the surface of the moon. There was nothing but these gray ashes, signs of debris, and occasionally the top of a tree, as well as the remains of a structure, but there wasn't much but ash punctuated by these craters.

We went as far as it was safe to go, probably further than was safe. We could hear new Arenal explosions, but we could not see further up the volcano because by this time it was raining hard. When we got back down to the river where we had left the other jeep after our couple hour adventure in this high altitude moonscape, we saw that the river, behind which Ann had stayed, had risen to three feet deep, and maybe more. It was filled with ash-laden water from the volcanic activity. The Costa Rican officials who were with us said: “It certainly had been a good idea to leave the other jeep on the other side. We could have been stuck on this side of the river for days until the rain stopped.” They decided the jeep on the other side of the river could, in effect, pull us across. A local man on horseback brought a rope attached to the downhill jeep across to tie on to our jeep. We drove at a fairly good speed into the river. When we had traveled only a little way into the river, the jeep stalled and we were stuck. Then the rope, which was attached to the other jeep,

pulled us the remaining 20 or 25 meters, the rest of the way, across the river as the cold water came through the bottom of our jeep and nearly filled it up to window level.

This was one anniversary when it was good luck that Ann developed a headache from the bumpy road. We would have had to spend a very uncomfortable wet night if we had not left one jeep on the other side of the river. There were no buildings in sight and no shelter. I'm not even sure there was any food on the volcano side of the river. When we got back to our AID car, we assured the Costa Rican officials we would soon provide funds for relief work. We then proceeded to Puntarenas on the Pacific Ocean, stayed at a luxury hotel, had a martini, and looked out at a beautiful sunset into the Pacific Ocean — the perfect end to an eventful sixth anniversary.

Q: John,, in 1967 you received a Department of State's Meritorious Honor Award. Later, in 1968, you were the first recipient of the Rivkin award. Can you explain what was the significance of those and how you were chosen to receive them?

BUSHNELL: I'm not sure. The Rivkin award for middle-grade officers and Harriman award for junior officers were created about 1967 to award initiative in the Foreign Service or what some people called dissent. Dissent did not necessarily mean opposition to policy. I always looked at it as meaning taking the initiative, getting a job done, and being aggressive about it, going beyond Washington's instructions rather than differing 180 degrees from official policy. Over the years the awards have gone to officers who provided leadership in constructive development of policy in changing circumstances more often than to those who tried to change policies by opposing them.

I didn't even know I had been nominated for the Rivkin award until Ambassador Boonstra called me to his office and gave me the amazing news that I had won. I thought that I had been doing fairly well in Costa Rica, but I had not expected anything like this. Boonstra said I should to go to Washington two weeks later to receive the award at a large luncheon on the eighth floor. He said this was a great honor, which, of course, it was. I later learned

that Ken Crockett, the DCM in San Jose in 1965-67, actually had a major part in my nomination. He had been the Country Director for Caribbean Affairs at the time I was in Santo Domingo. He said he was shocked when I was not promoted from FSO-5 to FSO-4 in 1966 on the basis of my work in the Dominican Republic. I think he drew on my earlier work before and during the crisis in the Dominican Republic as well as my work in San Jose as the justification for this award. Ken was a good drafter. He had gone on to be ambassador in Nicaragua by the time of the nomination.

I proceeded to Washington, where there was a nice award ceremony at a large eighth floor luncheon. Vice President Humphrey was the speaker. He had been Chairman of the selection committee for the Rivkin award, and he presented it. Because this was the first year for these awards and these were the first such awards for the Foreign Service, it was a particularly happy occasion. There was a monetary award which I think was $1,000. That was worth a lot more then than it is now. I was delighted to receive the award. That was the first time I met Phil Habib. I believe he had also been on the selection committee. He was President of AFSA [American Foreign Service Association}. He called me in before the luncheon for a chat; I think mainly to tell me to keep my thank you short, but we had an interesting substantive discussion. He also arranged for me to do several USIA broadcasts and have numerous picture takings and interviews, all to further the public image of the Foreign Service. I worked with him on numerous occasions later, and he always received me as an old friend. For example, soon after I joined the NSC staff I was on a study mission to Korea where Phil was Ambassador. Kissinger had me deliver an eyes only letter to Phil. This might have been awkward as I was one of the junior members of the group and the letter had not been seen by State, but I asked to see Phil as an old friend. He managed our visit so the others never knew.

As far as the Meritorious Service Award is concerned, it related to my work in Costa Rica. Perhaps it was in part because of my work with the US delegation to the Trejos inauguration in 1966. The delegation was headed by Lincoln Gordon, the Assistant Secretary for Latin America, and I was his control officer. He wanted to use this first high

level contact with the new government to encourage improved economic policies, and I was able to suggest approaches to the various senior officials which might help reach the objective. The new Economics Minister invited Gordon and a few others to his farm for a Saturday night stay. Gordon and I shared the Minister's car for a couple hours in each direction. Participating with him in these meetings also got me off to a good relationship with the new government, although it was hard to explain to the AID director why I was there and he was not. Gordon had good things to say about my work in a letter he sent after his return to Washington.

Q: Well, it's always helpful for a young, junior officer to receive special recognition for your work.

BUSHNELL: Yes, for an officer newly promoted to class four I did have a lot of contact with senior officers in Washington. I found that, once I had mastered the facts of a situation, I could explain it to senior people and suggest how we might move forward. I did not have any particular policy preferences, except to try to make economic sense, and thus I tried to understand what US policy objectives were and see how to pursue them. Most officers at this stage of their careers have to concentrate on gathering information and reporting. I did some of that, but I was fortunate to have a series of jobs which were more operational and closely related to policy formulation.

Q: As a place to live, obviously Costa Rica was a big improvement over the Dominican Republic.

BUSHNELL: Yes. Costa Rica is a rather ideal place to live. It has a great climate and had no domestic tensions. It was probably the most laid back place in Latin America. It was a very enjoyable place to live. We had three young children while living there; one born there, and they all prospered in the Costa Rican climate. Costa Rica was not my most exciting assignment, but it was one of the more enjoyable.

Q: When a place is not so good, you refer to it in terms of the ancient Chinese curse: “May your grandchildren live in interesting times.” Your resume says that you left Costa Rica in 1968, but you went to Geneva in 1969. What happened in between there?

BUSHNELL: I left Costa Rica in early November, 1968, and I arrived in Geneva in January, 1969. I just had home leave and consultations in Washington.

Q: How did that assignment come about? It was quite a change for you from everything that you had done up to that point when you transferred into multilateral diplomacy. This was pushing a change rather far, so to speak.

BUSHNELL: In 1968 State management was saying Foreign Service Officers shouldn't be too specialized in one area. I had already had four assignments working on Latin American affairs, including my time in Washington. State Personnel said I should either come back to Washington or go somewhere completely different. I chose different. One of the possibilities was going to South Korea under an arrangement between AID and the Embassy which would have been somewhat analogous to what I had been doing in Costa Rica. However, I wouldn't have been head of the Economic Section. That assignment was discussed with me, and I said it was fine. My priority was to stay overseas while our children were still in pre-school or the lower grades of elementary school with the idea they would benefit more from Washington area schools later. Then State objected to another detail to AID. Finally the Personnel wheels just ground and gave me the assignment to Geneva.

Q: What did you think about this assignment when you first heard about it? Did you have any idea as to what you'd be doing?

BUSHNELL: I had virtually no concept of what the work would be. My international organization experience was with the IMF and World Bank, not with the UN and GATT. But going to Geneva sounded pretty good. I thought that it would be a good place to live.

In retrospect, I would not say that was necessarily the case. When we left Costa Rica, we were excited about going to Geneva and to Europe and working with the various international organizations. I really didn't know what the job would involve even after I spent a couple of days in Washington. Then went to New York to consult with the UN and meet Perez Guerrero, who was in the process of leaving the UN in New York to become the Secretary General of UNCTAD,

Q: What had he done before that?

BUSHNELL: Manuel Perez Guerrero had been a minister in Venezuela several times, including of finance, planning, and minemeaning oil. He had also worked for the UN in senior positions beginning with the League of Nations.

Q: Did you meet Jim Clughall and Julius Katz before you went to Geneva? They were the key, responsible people in the Bureau of Economic Affairs in Washington.

BUSHNELL: My assignment to Geneva was an IO [Bureau of International Organization Affairs] assignment. I met with John McDonald and other people in IO. I had some discussions with people in the AID Policy Staff about Geneva because I knew them. These were casual discussions about Geneva. My consultations in Washington were more debriefing about Costa Rica and Central America than looking to the future. I don't recall anything about conversations with people in EB [Bureau of Economic Affairs] if I had any.

Q: What do you remember about Geneva when you first arrived there? I remember distinctly the day you arrived. Let me tell you what I remember about it, and you can add to it. You came in early 1969. We had really been run ragged during the 18 months before that. Henry Brody, Herb Propps, and I were working on GATT [General Agreement on Tariffs and Trade] matters. Up until the end of the Kennedy round in mid 1967, Mike Blumenthal had a huge team in Geneva, composed of about 60 people, doing all of the GATT work. We had been promised that when all of his troops left, there would be other people coming in to help us with the load. You were the first of this group, a year and a

half later. I was being run ragged, doing UNCTAD [United Nations Conference on Trade and Development] and GATT work, so we were glad to see you.

BUSHNELL: I had no sooner arrived, had not had time to adjust to the time change or get my family settled, when I had to start helping a delegation that had just come from Washington for the annual UNCTAD Board debates. By this time I expected to go from the plane to work in the Foreign Service as that had also happened on all by other assignments.

Q: That's always the case.

BUSHNELL: I began going to these meetings which, among other things, ran on into the night. I remember great difficulty explaining to my wife why I was coming home so late. While we were still in a temporary apartment and looking for a house to rent, one of the conferences that I covered at UNCTAD was the annual conference on olive oil. It was not of much interest to the United States. In fact, we didn't have anybody from Washington.

Q: I had covered that the year before, in 1968.

BUSHNELL: I was just an observer. There wasn't much going on at that conference, but, as was the case with many of these meetings, one had to spend hours at the Palais des Nations [the UN headquarters in Geneva originally built for the League of Nations] because you never knew when something was going to come up which would be of interest or importance to us, particularly some political issue. Then the olive oil meeting scheduled a night session; it was my wife's birthday, and I had promised to take her to dinner so I invited my wife to go along with me.

Q: Did she go?

BUSHNELL: Yes. She could see I really did have to work at night and that there was a meeting going on. Fortunately, the debate was about the nuances of grading olive oil; neither of us could understand it, but I pretended I did.

Q: I could never persuade my wife to attend these evening or night meetings.

BUSHNELL: Ann found the olive oil conference incredibly boring. She occupied herself doing her fingernails down behind the desk. Nothing happened at this particular meeting, but at least it showed her that the work practices at that place were strange, to say the least.

Q: This was what was particularly frustrating to my wife. We never had a holiday. Everyone else had American and Swiss holidays. Usually, there was some kind of UNCTAD conference going on, practically nonstop. They were all scheduled to end on Friday. However, by Thursday night it was obvious that it would be late Friday night before it ended, usually at about 10:00 PM. About half the time they even met on Saturday morning. More often than not, and particularly toward the end of the session, we would have to get a report out. The next conference would begin on the following Monday. It was really nonstop meetings, it seemed.

BUSHNELL: There was certainly that element to it. I wasn't used to having many holidays. On the contrary, I found that one of the nice things about UNCTAD was that at least for once during my career I could actually schedule my time ahead. Over Christmas there were a couple of weeks when there would be no conferences scheduled, and nothing would happen. At other times there would be the occasional week when nothing would be scheduled. There would be a summer session of ECOSOC [Economic and Social Council of the UN], and I was on the delegation to that meeting, but late August was slow. Most important, there was an advance predictability about all the meetings, so I could plan and actually take a week's leave now and then. My experience during previous (and future) assignments was I would plan to take a vacation trip and then some crisis would come up

and I wouldn't be able to do it. Many plans had to be canceled. However, in Geneva we managed to schedule three or four trips a year and see much of Western Europe without ever having to cancel plans. However, you're right that UNCTAD conferences tended to be back to back during much of the year. There wasn't much time to write reports in between. A tremendous amount of time was spent at the Palais des Nations, where I really didn't do much particularly constructive, although I perhaps improved my debating skills.

Q: One frustrating aspect of my assignment to Geneva was that, before a meeting began, all of the other delegations wanted to know what the US positions would be. We almost never knew what the US positions were going to be until our delegation arrived from Washington.

BUSHNELL: There was a certain frustration in always waiting for the position papers, but many times that wasn't an issue. After I learned the ropes, I found US positions were quite predictable.

Q: We always received the instructions rather late.

BUSHNELL: That was particularly a problem for GATT meeting. But in UNCTAD we were generally against whatever change was being proposed. For the major UNCTAD Ministerial Conference held every four years the U.S. would review its positions and try to make some concessions. However, the rest of the time it was relative easy to forecast what the US position would be, unless the issue involved some really technical points. When we were changing an important position, it was generally done in the OECD, IMF, World Bank or some other form; then one would know that the US UNCTAD position would change to be consistent.

Q: What did you think of UNCTAD, once you got into it?

BUSHNELL: I found it was hard to take it seriously. Of course, the whole UNCTAD conference had been set up, largely over US objections, to try to get international

decisions into a body where control was on the basis of one country, one vote, instead of some kind of weighted voting, as in the international financial institutions, or in GATT where a consensus has to be developed. Of course, the U.S. is never inclined to have decisions of importance to the U.S. made in that kind of international body where most of the members are poor developing countries with interests quite different from those of the United States. The developing countries were trying to use this kind of conference to extract more aid and trade concessions that they could otherwise obtain and to place the blame for their economic problems on the U.S. and other rich countries. By and large, the delegations and Geneva representatives from the developing countries did not come from the economic decision making structure of their countries, but rather from the political side of their governments. They were much better at making speeches about their great needs and expressing generalities than they were about advancing policies that might really help their countries but required better management of their resources or challenging vested interests at home. As a result, most of the time our job was limited to making clear that the U.S. wasn't going to be ramroded into accepting their positions. If we didn't vote for a resolution, it was unlikely that we would follow its provisions. Fortunately, during the time I was in Geneva, we did have a couple of constructive things going on to give a little positive flavor to our UNCTAD participation.

Q: Involving GSP [General, Scheduled Preferences].

BUSHNELL: Yes.

Q: Can you tell us about what GSP was about?

BUSHNELL: To help developing countries it was decided in the OECD [Organization for Economic Cooperation and Development] that the developed countries should give trade preferences, i.e. reduced tariffs or no tariff, on products from developing countries.

Q: Hadn't this come out of "UNCTAD II" [Second UN Conference on Trade and Development] in New Delhi? I think that Joe Greenwald should deservingly take personal credit for it. Of course, people always debated how useful it was.

BUSHNELL: It was an idea that had been around for a while. It had been debated in the OECD before the UNCTAD conference. The U.S. and some other countries had been opposed but finally agreed at the conference in New Delhi to try to move forward. It was Joe Greenwald's work within the US government that was key in getting general agreement. The UNCTAD decision speeded up the technical work of the OECD. But it became clear that the various developed countries each wanted to implement its own GSP schemes with quite different approaches and it would be impossible to reach what had been envisioned as a common scheme, in which all developed countries would extend the same preferences to all the developing countries. The concern in the OECD was then that each of the major developed countries adopt a scheme that would give similar benefits to the developing countries. Only then could each country defend the GSP as a fair sharing of the burden against attacks from vested interests in each country that might be affected negatively by the preferences. Thus each country developed its own plan. The Japanese had their plan, and the U.S. had its plan. The Canadians had a different plan as did the EEC. Burden sharing was discussed in the OECD before the detailed plans were presented in UNCTAD. I went to many of the OECD meetings so that I would have the background for the later discussions in UNCTAD. Most of the US delegates to these OECD meetings were senior officers from the involved Washington departments such as Agriculture, Commerce, Treasury, and STR (the President's Special Trade Representative). Within the US delegation it fell largely to me, as the one hearing the requests of the developing countries first hand, to try to bring the perspective of the recipients into the debate in competition with the interests of one or another US pressure group reflected by the domestic cabinet departments.

Q: Did you go to the OECD meetings?

BUSHNELL: I went to quite a few of the OECD meetings in Paris.

Q: Herb Propps used to go to those meetings. Had Herb left by the time you arrived?

BUSHNELL: No, Herb was still in Geneva for the first months I was there. He left Geneva in the summer of 1969. I don't remember that I went to an OECD meeting on GSP when I was first in Geneva so I probably went after Herb departed. Once or twice in the winter I took the overnight train, rather than fly and have the weather close in on me. The OECD meetings on GSP were constructive, but they were tricky. Even when the US plan was finally decided, there were lots of implementing details to be determined. We had quite a job explaining our GSP program to the Europeans and trying to persuade them to accept it and not try to renegotiate a plan which had already been approved in Washington after painful discussions and compromises. Washington was not about to change it.

Q: Do you think that this really had an impact on the developing countries?

BUSHNELL: I don't think it represented a revolution. Of course the American consumer is the biggest beneficiary when he can buy a greater variety of goods cheaper. But there were real benefits for the developing countries in getting a little more money, because they got, in effect, some of the benefits of the lower tariffs and the increased demand for goods at lower prices. In the US scheme the tariff was reduced to zero. The developing countries could thus charge more for their goods and still sell cheaper to the US consumer. Moreover, trade would switch to the developing countries from developed countries that still had to pay the tariff. GSP encouraged substantial new investment to go forward in some countries.

All the GSP schemes had many exceptions where tariffs were not reduced. These exceptions were the concession to the domestic vested interests in developed countries. Unfortunately, the exceptions were precisely in the areas which were of greatest interest to the developing countries. The US GSP, for example, didn't cover textiles, which was an

area where, obviously, the developing countries were very competitive and US tariffs high. There were numerous other products which were covered, but in general these tended to be those of less interest to developing countries or products with low tariffs anyway. However, there were areas which were helpful, although generally not so much to the very poor countries as to some of the middle level countries. The more advanced developing countries were able to take advantage of the GSP and get more products into the US market. This was particularly the case with South Korea, Taiwan, and Malaysia, which did a good job of finding those products which they could make more cheaply but where the small volume would not be criticized for taking too much of the US market. They did quite well in the US market. Also, a number of large US buyers, such as K-Mart and Wal-Mart, were able to look more to developing countries to source goods at cheaper prices. The products could then come into the U.S. under the GSP. In that respect GSP opened whole new markets for a dozen so developing countries with a stable investment climate and a significant industrial sector.

Under GSP the developing countries didn't have to do anything except ask to get this access to the US market. I considered this aspect unfortunate, although the developing countries of course liked it. Because developing countries were not required to begin opening up their own markets, an opportunity was lost to encourage them to open their often quite closed markets and thus get the increased efficiency and productivity that can come from competition.

Thus GSP was a step forward, and it was probably as much as was politically feasible for the developed countries at that time. Certainly it was easier for governments to please their consumers with cheaper imports that to raise financial assistance which would have required higher taxes. However, GSP did not make any basic changes in the world economic structure. It was something for the UNCTAD delegates of the developing countries to write home about. It was worthwhile for some policy-makers to come from

their capitals and engage in this UNCTAD dialogue. It was certainly more constructive than much of the debate in UNCTAD.

Q: Does anything stand out in your mind at this point about the GSP negotiations or any particular steps in the process?

BUSHNELL: I had some difficult times. Explaining the US GSP scheme in UNCTAD was very challenging for me because I had not participated in the Washington discussions and thus did not know the nuances in the details. I only had what was in the brief and what I had learned in Paris. Often, the discussions would break down into smaller negotiating groups. We usually had two delegates from Washington, but the group often would break into three working parties. So I had to explain and defend many aspects of the US GSP on the basis of my incomplete knowledge.

Q: Did Bob Lenhart come?

BUSHNELL: Ed Cronk was the senior State delegate; he was deputy assistant secretary for international trade policy in EB. Jack Leary, who was in Cronk's office, often came. Howard Worthington, the director of the State Office of International Trade, often led the delegation. Bob was more on the IO [Bureau of International Organization Affair] side. At times we also had delegates from USTR and from the Department of Commerce.

Q: Did Clarence Stabule come? He was in the Department of Commerce at that time.

BUSHNELL: I don't remember him. At any rate, I was stuck in these working groups with nothing more than a brief which had few details.. Many questions which the delegates raised were not covered in the brief. So I was in the awkward position of saying, over and over again, that this was something to be worked out, or something like that. Or I would go ahead on my own and make policy when there seemed to be a logical way of doing things, as was often the case. I would hope that Washington wasn't too put out with my proposing to do things the logical way. I don't remember that there were ever any great difficulties as

a result. Although I had participated in the OECD meetings, most of the detail issues were not covered there, and I had no way of knowing whether or not each particular issue was contentious in Washington or whether it had been decided.

Q: There were a couple of positive issues, and GSP was one of them.

BUSHNELL: The other main set of positive issues was in the commodity field. US policy was somewhat more open on commodity agreements then than it has been subsequently. Experience with producer/consumer commodity agreements in the 1970's was that they did not work, while the OPEC success as a producer only agreement moved the developing country focus away from cooperative agreements.

Q: There was no other international institution which had overall responsibility for these issues.

BUSHNELL: Correct. There were free-standing organizations for some commodities, but the only place where governments could discuss commodity policy in general and work within the UN framework toward new specific commodity agreements was UNCTAD. There were coffee and cocoa agreements, although these were coming up for renewal; there was much discussion on these commodities. Then there was a question of what additional agreements might be negotiated regarding other commodities. Study groups were established to determine the first steps that might be taken on various commodities.

The underlying intellectual issue was whether it would be technically feasible and politically possible to work out a commodity agreement which made sense for both producers and consumers. Examination of what historically happened in the free market indicated that free markets resulted in major problems for both producers and consumers of many commodities. For example, from the economic point of view it was certainly disruptive for the coffee price to be $1 per pound one year, $5 per pound the next year, and $1 per pound two years later. Producers either had a bonanza or bankruptcy; consumer budgets were disrupted. Because many small developing countries depended on one to

two primary products their economies followed the commodity cycle, often with political as well as economic disruption.

Q: Some insurance arrangements can be negotiated on that sort of thing. The trouble is determining what the price level would be.

BUSHNELL: Many thought the problem with negotiating commodity agreements was just that consumers wanted low prices and producers wanted high prices. However, I found the real problems were quite different. The problem was how to deal with the underlying investment and production which affect how much product enters the market.. That is, you're not going to be able to control the price unless you control the quantity of the commodity available on the market. The problem with the existing coffee agreement was that it didn't restrict how much a country could grow. It only restricted how much each country could sell on the world market, or better put the world market covered by the agreement. When the price was high, a lot of people planted coffee bushes. It takes six years before you first harvest coffee. That's a relatively long time during which market conditions change. Then, since much additional coffee had been planted in many countries when prices were high, there would be a really big increase in world coffee production six or seven years later by which time the price may already have dropped. Many countries than had large stocks of coffee which could not be exported under the agreement. Some of it would be smuggled out, and the governments would be under great pressure to market this stored coffee even though the price was low. If one country sold some of its surplus stocks, there was little effect on the market. But there was no effective policing mechanism to avoid countries competing with one another to sell beyond the Agreement quotas. On the other hand when coffee prices were relatively high and rising, consumer members wanted increases in the quotas to constrain price increases, but many producer countries welcomed the higher prices, especially those which did not have stocks and so could not benefit from increased quota exports.

Experience was showing that to give commodity agreements a change of working would require a great deal more international planning and control than most non-communist countries were prepared to contemplate. Some international body would have to allocate rights to increase production looking far into the uncertain future. Measures would be needed to deal with the problem of new countries not in the agreement introducing production. Even with good planning, if that were possible, the market could be affected dramatically by uncontrollable events such as a frost in Brazil destroying half the coffee harvest or a war blocking access to markets. In short it would have been possible to get agreement among producers and consumers on a desirable future price. But in the real world the measures available to work for this outcome were limited.

Q: Then, of course, there were negotiations on specific commodity agreements in the OECD countries. The OECD discussions were somewhat more general.

BUSHNELL: I didn't participate in such OECD discussions. The commodity agreement on which I spent the most time was cocoa The International Cocoa Agreement was due for renewal. The agreement had been running for several years; there was a Secretariat, and the actual daily working of the agreement was in the hands of that Secretariat. Thus the UNCTAD question was whether the existing agreement was to be renewed and, if so, how it would be modified to be more effective. Such general issues were very much questions for UNCTAD. For the meeting on cocoa, I was asked to be the chairman of the consumer group, and I agreed to try to bring the consumers together. This was very difficult to do. In fact, finally the U.S. didn't join the agreement that came out of that negotiation. The key problem was that there was no agreement on provisions to give the agreement teeth to deal with the amount of cocoa being supplied to the market, except to maintain the price by having a major buildup of stocks to be financed largely by consumers. The producers pressed hard to get commitments for financing from the developed countries, or guarantees of financing, for stocks. The U.S. had no way of guaranteeing such financing and would have had to ask Congress for advance appropriation of large sums. Congress

had already refused to endorse commodity agreements even when they did not require significant funds.

By and large UNCTAD was not a very useful forum for these commodity negotiations because most delegates were not sophisticated economists and were not able to deal with the relatively complicated economic issues requiring detailed knowledge. Most producer delegates had only general instructions to get an agreement at X price level, without really going much further into detail than that. Many consumer delegates were real experts on the commodity in question, but none had very feasible solutions to the difficult problems. Chairing the consumer group was a frustrating job because most consuming countries didn't really have a position. Given the reserved US position, I didn't consider it appropriate as consumer group chairman, in addition to being a US delegate, to propose any new approaches to the problems. I mainly listened to the positions of the consumers and tried to summarized where there was consensus or close to consensus.

Q: Some people get very emotional about these issues.

BUSHNELL: Much of the emotion is part of the show that developing country delegates feel they need to put on in UNCTAD. Some diplomats make a career out of UNCTAD, the UN, and several other international, debating institutions. UNCTAD is a place where relatively poor countries go to get help from rich countries, not on bended knee, but in a forum where, for example, Upper Volta has the same voting power as the United States. This situation leads to a great deal of posturing. At least I looked at many of the delegates' actions and statements as posturing. One takes it for what it is and does one's own posturing, and plays with the situation. I sometimes had great fun with this; this gamesmanship approach avoided the boredom of weeks of long speeches.

In UNCTAD there was a third group of countries, that is, the communist countries. These countries separated themselves from the developed countries and had their own programs to deal with developing countries. One negotiated with them separately from

the negotiations with the developing countries. The developing countries tried to promote competition between the western developed countries and the socialist countries. Of course, as I was a US delegate, I was perceived by the Russians to be an opponent in every sense of the word, although most of the time our negotiating interests were not all of that different from theirs. Sometimes, when a debate was going on which was rather hard to handle and not one which we wanted to get very far, I would just go over and whisper in the ear of the Russian delegate. Most of the delegates would stop paying attention to what was going on and focus on this US/Russian interplay. Often, the Russian was quite willing to play the game. Maybe, after a half hour, he would come over and whisper in my ear. We would talk about something having nothing to do with UNCTAD, for example I would ask if he had seen a certain movie or visited a restaurant.

Q: Of course, on some issues, like the UNCTAD budget, the Russians were very much our allies.

BUSHNELL: That's right.

Q: The Russians followed a hard line, even more than we did on this kind of issue.

BUSHNELL: Right. They were competing with us for the goodwill of the developing countries, but they didn't want to pay much for it, either directly in trade concessions or indirectly through the UN budget..

Q: Regarding commodities, was this before the integrated program of commodities came up? Later there were 18 commodities. The idea was some developing country or another had an interest each. They tried to get all of the “Group of 77” countries behind this proposal.

BUSHNELL: I don't remember a list of 18 commodities. However, one of the ideas of the UNCTAD secretariat was to have a standard agreement that would work for most commodities. For any given commodity only a limited number of developing

countries which produce this commodity were interested, but, if virtually all commodities were packaged together, there would be something in the package for almost every developing country. I was involved in the beginning stages of this packaging. I personally thought it was a terrible idea because the differences in the production and marketing of commodities is just too great, say from tin mined in a few countries, through tropical tree crops such as coffee and cacao, to commodities such as wood which is really 100 different commodities, some produced by everyone. This issue was discussed in the Commodities Committee, one of four major UNCTAD committees, which each met twice a year. That committee was supposed to promote trade in commodities of interest to the developing countries. But it was just a debating society. The developing countries tried to come up with resolutions in which everybody would agree that there should be an agreement for one commodity or another. Our response was that you can't say there should be an agreement without knowing something about what's in it. We couldn't agree, and the debate would just go back and forth but without any resolution. The developing countries followed the rule of the lowest common denominator. If any single country wanted to include a commodity, it would be put in. It didn't cost anybody anything to put it in to keep that country happy. At times the complexity of these draft resolutions was really ludicrous.

Q: What about other UNCTAD issues? For example, invisibles and items related to trade.

BUSHNELL: The Invisibles Committee was another major UNCTAD Committee. UNCTAD wanted to get into financial issues such as the level of foreign assistance, but it started as a conference on trade, so the invisibles handle was used to develop what might better be called the Finance Committee. Of course, if it were called that, the U.S. and others would have objected because we believed the IMF and other international institutions had the mandate in the financing area. I was perceived in Washington and in the US Mission as being expert in international finance, perhaps because I had done so much work on monetary policy and been detailed to AID. I was left to do this committee without much support from Washington. The main thrust of the developing countries was to get agreement on a high target for the portion of developed countries' GNP [Gross National

Product] that should be given as financial aid to developing countries. For example, they wanted one percent of GNP from the developed countries to go to the developing countries. We weren't about to agree to that; the U.S. provided less than half that much aid and Congress was already cutting back our requests every year.

What I tried to do was to agree that the developed countries, and the U.S. in particular, would support programs that made sense and yielded sustainable development. We would support solid programs, but we wouldn't support countries or programs that squandered the money. I also referred to difficulties with aid in countries that had corrupt regimes, and I had pulled together several examples of aid projects that were total failures. I would give the developing country delegates the needle. If some delegate spoke strongly against the U.S. as being selfish and exploiting developing countries, I would try to reply with an example of the waste of aid in his or her country. This approach really cooled down many delegates. Generally officials in their capitals paid little attention to what the delegates did in Geneva, but, when a negative story about a project in their country appeared in the press, capitals were on the phone to their delegates in UNCTAD telling them to make sure that did not happen again. One poor delegate was even called home in part because of such an incident; another from a notoriously corrupt country approached me at one point and begged that I not use his country as an example again because, if I did, he said he would be killed. I didn't.

The Invisibles Committee also dealt with insurance, and US insurance companies which had worldwide interests paid a lot of attention to this part of the work. At some point earlier, before I was there, an UNCTAD resolution was passed which said in general there should not be wholly-owned foreign insurance companies operating in developing countries. Foreign insurance companies were supposed to enter into joint ventures of some kind with local companies. The US insurance industry was strongly opposed to entering joint venture arrangements in part because of several bad experiences with weak local partners. Moreover, various suggestions in UNCTAD papers dealing with the regulation of foreign insurance companies would have been disastrous for the large US companies.

For example, UNCTAD staff did not seem to understand how reinsurance works. UNCTAD staff argued that reinsurance should be placed within the developing country. Of course, if there were a big disaster in a small country, all the insurance companies would be bankrupted and claims would not be covered. The advantage of placing reinsurance on a worldwide basis was precisely the spreading of risks among many countries to assure that even the biggest losses happening at the same time could be covered.

Tommy Thompson, a senior executive in American International Insurance Group [AIG], would always come to Invisible Committee meetings and other UNCTAD meetings when insurance was to be discussed. He was very knowledgeable about both the insurance business in general and the insurance business in developing countries. He had spend many years running the large AIG operations in the Middle East and elsewhere. His mandate from the US insurance industry was to avoid any troublesome new decisions in UNCTAD and try to get the resolutions already adopted modified. He could explain insurance in terms the lay person could understand. He could point out what was practical in the real world, and he could show how disastrous some of the crazy things being suggested would be. I arranged for him to spend a lot of time with the economists on the UNCTAD staff who handled insurance, and he was able to avoid a lot of problems by educating them before they sent papers to all the delegates. In the formal meetings we adopted a positive approach and tried to make suggestions that developing countries could use to build up their own insurance industry without using state action to chase out the foreign companies. I think we got across the point that the advantage of foreign insurance and reinsurance companies for developing countries was that they would be sure and have the resources to pay claims precisely when there were major problems stressing the economy of the developing country and its domestic companies.

There were at least three meetings on insurance while I was in Geneva. We made some real progress in moving away from the confrontational approach, but we did not get the earlier resolution changed. One benefit of having Tommy Thompson as a public member of UNCTAD delegations was that he had a large expense account, fitting a large

company such as AIG, and he would use these funds to take key delegates, secretariat professionals, and myself to excellent lunches at restaurants we normally could not afford. Several times he and his wife also entertained my wife and me. Another major UNCTAD committee was the Shipping Committee.

Q: Ah, yes.

BUSHNELL: Of course, the U.S. no longer had a large number of ships carrying cargo all over the world because our costs, particularly labor costs, were not competitive. Most US imports come on foreign flag ships. The thrust of the developing countries in UNCTAD was to try to get agreement on measures that would promote developing country shipping companies whether or not they were low cost. Shipping was thus a very important committee for the Scandinavian countries, Japan, Greece, and the U.K. which had companies doing much of the world's shipping. Perhaps the biggest issue, while I was in Geneva, was what is called cargo reservation. The UNCTAD staff argued that developing countries could promote their own shipping companies by requiring by law that a substantial part of their imports and exports had to move on ships of their flag. Such cargo reservation is of course not efficient since shippers cannot use the cheapest or most convenient ships. But South American countries and some others were beginning to adopt cargo reservation measures which were creating real problems for the major shipping countries. The shipping countries wanted an UNCTAD resolution prohibiting or sharply limiting cargo reservation while the developing countries, at least the dozen which were developing a shipping industry, wanted an UNCTAD resolution with would endorse cargo reservation and prohibited reprisal measures.

The U.S. itself already had cargo reservation, in that some 50 percent of the cargo financed by the government had to move in US registered ships as well as most of the traffic between US ports including Puerto Rico, Hawaii, and Alaska. Only with cargo reservation could US flag ships afford to pay US union salaries and still operate at a profit. Thus what was being proposed by the developing countries was a version of what the U.S.

was already doing. Of course, the U.S. is better able than developing countries to afford the high cost of uncompetitive shipping with cargo reservation, and we tended to justify what is basically a large special interest subsidy as necessary to maintain the minimum fleet of cargo ships that we might need in a war.

The position of the developing countries, led by Brazil, was strongly for cargo reservation and restrictions to help the shipping industry of developing countries. Brazil had a rapidly expanding shipping and shipbuilding industry at that time. It hasn't done so well since then because of cheaper Asian competition, but at that time it was seen as an up and coming shipping country which could take on other countries. Most developing countries didn't have much shipping or a shipbuilding industry. I had quite a remarkable negative experience in the Shipping Committee concerning this issue. There would be a big delegation from the United States.

Q: Including some representatives of...

BUSHNELL: Private sector shipping companies, the Department of Commerce, the Maritime Commission, and from the Department of State. I was assigned as the US Mission member. As the US delegation was large and the main debate was between the leading developing countries such as Brazil and the developed shipping countries, I would do little with the US delegation. I wouldn't even go to their caucus meetings. During much of the time I wouldn't even go to the Palais for the meetings of this committee. I would only go if there were some political issues which were outside the scope of shipping experts. In this case the Shipping Committee was meeting for two weeks. I had heard from various people on the US delegation that there had been difficult meetings of the US delegation. Delegates attending the caucus were reportedly swearing at each other and even throwing things at each other. They were reportedly turning over chairs. I was not present at any of these meetings, but I was told these things happened. The sharp caucus debate was whether or not the US would support a resolution against cargo reservation.

The general position in the paper approved in Washington was that cargo reservation was an anti-economic measure, raising costs. However, opposing cargo reservation in general would place us against a policy we followed in support of our own shipping industry. Of course, the US shipping industry didn't want us to oppose cargo reservation which was its life blood. In Washington the issue had risen to The President's Council of Economic Advisers, where Treasury and perhaps others felt we should oppose cargo reservation as the subsidy it is and maybe we should find another way of supporting our shipping industry. This issue was very contentious within the US Government and the US Delegation. Since it looked as if there was going to be a vote on a cargo reservation resolution, there was a question as to how the U.S. would vote. As the meeting was reaching its end, I was just an interested spectator.

As often happened, the meeting ran late into Friday night although I went home after checking with our delegation toward the end of the afternoon. The meeting continued Saturday into the night. I went home for a long dinner break and returned about 10 or 11 in the evening; the meeting was still going strong as Brazil was intent on pressing its resolution to a vote. On a humorous note, I was in the corridor outside the conference room about one in the morning when the wives of the British and I think the Swedish ambassadors in Geneva appeared. Apparently they did not believe it was possible their husbands were still involved in an UNCTAD debate at this time on a Sunday morning. Diplomats from other countries who were stationed in Geneva pressed me at every opportunity to tell them how the U.S. would vote. I asked our head of delegation, and he said it was not yet decided. Finally, the meeting ended with the resolution in favor of cargo reservation to be voted on Monday afternoon. The US delegation met, and the head of the US delegation from the State Department said he was leaving Geneva in a few hours and I would have to take over as chairman of the delegation as the only remaining State representative. He ordered the industry members of the delegation who had come from the U.S. to leave, and the representatives from other agencies had already departed or were scheduled to do so later on Sunday. Thus I became the US delegation. I asked how

to vote. The head of delegation said he would be on the phone to Washington and I would get instructions Monday morning.

The following Monday morning I waited at my desk at the Mission for instructions. My phone was ringing off the hook with calls from other delegations, asking how the U.S. was going to vote.

Q: Maybe in Washington they had trouble getting clearance on the cable of instructions.

BUSHNELL: [Laughter] The time difference meant Washington was not even open for normal business at noon in Geneva. Finally that afternoon, just before I had to leave my office to go to the meeting, an immediate action cable came in from Washington. It said: “You are to make the following statement.” I can't recall exactly the wording of the statement, but it was on-the-one-hand and then on-the-other-hand. The statement was consistent with voting Yes, No, or Abstain. I showed it to Bill Culbert and asked how I should vote; he said I could obviously vote however I wanted as long as I read the statement. Big help.

Q: It must have been fairly convoluted.

BUSHNELL: It was convoluted. I thought after more than two-weeks of discussions the U.S. should take a clear position. I asked Henry Brodie to telephone Washington and ask urgently how we should vote. He said: “I'll get on the phone, but I probably won't get an answer.”

I went to the meeting and decided I was in a difficult position and should do something to avoid an outcome that several Washington agencies wouldn't like at all, but no position would satisfy everyone in Washington. The Japanese, the U.K., and other delegations we usually worked closely with were urging us to vote No. When I arrived at the meeting, other delegates crowded around; some claimed that the heads of their delegations had been told we were moving toward a No vote. I was approached privately by a good friend

in the Japanese delegation. He said they had “terribly difficult” instructions, because they were ordered to vote against the resolution on cargo reservations and with the United States. He asked me to please tell him that we were going to vote against the resolution. A vote against the resolution, in effect, would be a vote against cargo reservation. I said the U.S. was not necessarily against the resolution. I decided I had to do something imaginative to avoid letting our friends down and/or creating a blowup in Washington.

Before the meeting started I explained privately to the Secretary General, who was chairing, what I was going do. Before he called for the vote, I raised the US flag and was recognized. I said the UNCTAD procedures and its schedule had gotten totally out of control. We had meetings that were supposed to end on Friday. Instead, we went on through Saturday and Sunday, and here we were on Monday afternoon when all the other US delegates had had to go to other commitments. I said the U.S. has adopted a new procedure. Whatever it was that was under consideration, when a meeting extended to Saturday or Sunday and especially Monday, we would vote No in protest. We would vote No without regard to the substance of the resolution. If we couldn't get an agreement by Friday night, other delegations shouldn't look to the U.S. to support any resolution. I then read the text of the statement from Washington and asked to have it included in the record of the vote together with my procedural statement. This statement, of course, gave the Japanese, the British, and other major shipping countries great delight because I was voting No. I thought I had made a clear statement that I wasn't taking any position on the resolution except that I was voting No because the committee hadn't voted when it was supposed to vote, when I had members of the delegation from Washington present. Others voted much as expected. The vote was extremely close; my recollection is that it was approved by a margin of about one vote. Of course the US vote was recorded as a No.

I thought I had managed a difficult situation well. Washington could figure out its position in the future; the countries we usually worked with in UNCTAD were happy; perhaps this would even be a blow in favor of ending meetings on time. I reported back to Brodie, who

had talked to Washington and had been unable to get anything except some chagrin in the Department of State that the head of the US delegation wasn't in Geneva. Brodie and Culbert were very pleased with what I had done and even said they would support future No votes when meetings drag on. I prepared a cable reporting the position I had taken and the outcome. I thought it was a good day's diplomacy. Some six weeks later I received a cable containing an official reprimand from the Department of State for not having properly followed my instructions.

Q: Oh, gees!

BUSHNELL: This was the only time during my career I received a formal reprimand. I was told that it would be placed in my personnel file. I thought this reprimand was not only unfair but just ludicrous. Henry Brodie thought it was just terrible and totally unfair. He protested by cable to Washington and eventually wrote a memo to go into my personnel file explaining that I had not had a clear instruction and had handled the matter extremely well. This reprimand never did me any particular harm. However, Brodie, Culbert, and I made some effort to find out what had really happened. First we found the Head of Delegation had departed on Sunday for Paris instead of staying for the Monday meeting in part because he was meeting his wife in Paris that day; he did have an OECD meeting in Paris beginning Monday, but several senior delegates of other OECD countries missed the first OECD day to stay in Geneva. Apparently, when the Head of the US Delegation had gotten back to Washington, his bosses were unhappy he had departed Geneva. Some agencies were unhappy because they had wanted us to vote Yes. Those in Washington backstopping this meeting apparently felt they had agreement with the Head of Delegation in their phone conversations that the U.S. would abstain; therefore they rushed out the US statement first thing Monday on that assumption without stating what they thought had been agreed informally and without interagency clearance. Thus although he had not told me how to vote, the chief US delegate protected himself by taking the position that I had been instructed to vote differently. Thus the reprimand.

Q: John, what about some of the other areas before UNCTAD, such as transport and technology? Do you have any particular recollections of that?

BUSHNELL: Technology was an area of great frustration in UNCTAD because, no matter how much the developed countries did, the developing countries immediately wanted more. Of course, a great deal had been done by developed countries toward the transfer of technology to the developing countries. The developing countries never mentioned how much they had been helped. Hundreds of thousands of people from developing countries have studied at universities and other schools in developed countries. They have learned a lot of technology that they have taken home, not to mention that a majority of technology is available at virtually no cost from the books and other publications of developed countries. There are all sorts of programs for governmental sharing of technology with developing countries. A great deal of AID [Agency for International Development] work is the transfer of technology through its technical and capital assistance.

The main complaint of the developing countries was that a couple of them had to pay substantial amounts in terms of patent and royalty fees to use technology belonging to the developed countries' private sector. They argued these fees should be reduced. Our view was that privately owned technology is entitled to a return, and developed country governments do not control fees of the private sector. Developing new technology takes a lot of investment. If private firms don't get a good return, the world won't get the advancement in technology which is a benefit to everybody. I had a little speech. I don't know how many times I made it. I spoke of the rapid advance of technology which is of so much interest in the developing countries. But developing countries don't have to use the very latest technology. In fact, maybe they shouldn't use the most advanced technology. The technology available two generations previous may be appropriate for their conditions with cheaper labor, more expensive capital, and fewer advanced technicians. In many cases technology with which there has been much experience can be introduced and used by less trained people. Older technology may no longer be subject to patent rights, or it is

certainly available much cheaper. However, some developing country delegates thought their countries had a right to have the very latest technology for free. There was continued pressure and debate, although fairly unstructured, and not much in the way of viable ideas for progress.

Q: Sounds like sound and fury signifying little. Was the TDC program functioning, or the program for Economic Cooperation Among Developing Countries in operation?

BUSHNELL: Yes, both of these were expanded while I was there. The developing countries would meet among themselves and try to find ways to expand trade or other cooperation. Unfortunately, much of the thrust for this program of cooperation among developing countries was driven by people from the Soviet Bloc in the Secretariat. UNCTAD stressed government to government trade arrangements instead of the governments merely setting the table for their private sectors. The same situation applied to the UNCTAD work to expand trade between the communist countries, non-market as they were called, and the developing countries. The Soviet government would agree to take x number of tons of bananas and to provide, in return, y number of tons of iron, some number of airplanes, or whatever they could sell. There were long negotiating sessions, and large delegations came from the Soviet Union and some developing countries. The main contribution of UNCTAD appeared to be translators and a free pleasant place to do business in Geneva. Eventually, once these negotiations and the trade really got going, the Indians and some others no longer negotiated with the Russians in UNCTAD. They had their own bilateral arrangements. However, for many countries that were just getting started in trade with the East, this was a painful process because they normally didn't deal on a government to government basis and they were inexperienced in getting the views and inputs of their private sectors on trade details.

Reflecting this largely Soviet concept of government trade, some people in the Secretariat and in some delegations began to think that, from their posts in Geneva, they should run trade among developing countries. So as well as Honduras trading bananas to the

USSR for iron, Honduras should trade bananas to Argentina for beef. They would promote bilateral negotiations and would have meetings for that purpose, particularly among those which had more non-market economies. The U.S. had little interest in this activity, considering it inefficient. About the only interest that I had was that, in preparing the UNCTAD budget, we needed to limit the amount of funds provided for translators for all of these negotiations. This translation service was becoming a substantial strain on the UNCTAD budget. I tried to take advantage of this competition for resources to cut back on other activities of UNCTAD, for example by shifting committees which met twice a year to once and those that met annually to every other year so that UNCTAD could provide the translation and interpreting services to East/South and South/South negotiations. I thought fewer committee meetings would mean less work and less travel for the U.S. and would certainly not limit our ability to accomplish anything we might want to do in UNCTAD. This tactical approach on financing translation activity was not very successful. It ended up with the Department of State not holding firm in New York against increases in the UNCTAD budget.

Q: Could you explain the administrative budget problem for UNCTAD?

BUSHNELL: We had long budget discussions or negotiations every year. The UNCTAD budget was part of the basic UN budget so the U.S. was covering a mandatory 25 percent of the UNCTAD budget through required annual UN dues. Some of the activities of UNCTAD were supported by separate grants from individual countries or other international organizations. However, the basic UNCTAD budget was part of the UN budget. As part of the overall efforts by the U.S. and other developed countries to contain the growth of the UN budget, procedures had been set up so that the UNCTAD Secretary General would prepare his budget request and discussed it with interested member countries in Geneva. Comments of the delegations were supposed to be taken into account before it was sent to New York. I usually represented the U.S. in this process in Geneva.

There was not a lot of flexibility in the UNCTAD budget. The numbers were driven by how many meetings, how many interpreters and translators, and how many bureaucrats were needed, as well as how much it would cost to publish the proceedings. There wasn't a lot one could do to cut back on the budget. For example, the shipping committee didn't really have to meet every year. Why not meet every other year? Obviously, if we did that, there would be a substantial savings. One could push for this sort of thing. Generally, the best we could do was to resist an increase in the number and frequency of meetings. There would be other delegates who were pushing in the other direction, and we would wind up about even.

I didn't have the impression that, as international bureaucracies go, the UNCTAD bureaucracy was larger than what it should have been given what it was supposed to be doing. However, by comparison with what it actually did, the UNCTAD bureaucracy was pretty large. Most of the Secretariat papers were of poor technical quality for example. Believe me, I had to read many thousands of pages of them.

Q: But there was a lot of pressure from Washington to hack away and seek to reduce the budget.

BUSHNELL: There was a desire to cut the budget every year. We received a cable from Washington every year to this effect. The Department would say there were many places where the UNCTAD budget could be cut back without doing any damage to anything but the Department would provide few examples.

Q: I think sometimes we wanted to do damage to certain activities.

BUSHNELL: We might even have wanted to do that. However, I don't recall trying to use the budget to be particularly destructive. Almost all meetings were held too frequently. People weren't ready to modify their positions that rapidly. Meetings went on too long; there was too much speech making, and all the work would be done in the last couple of

days. Thus business was not conducted effectively. UNCTAD sessions were probably one of the least effective of UN activities, although I have little other experience for comparison.

Q: Many of the frustrations in UNCTAD are from working in the Group System. Group B comprises the industrialized countries and seeks to develop a common position to negotiate with the Group of 77, which includes the developing countries. This structure makes the system rigid.

BUSHNELL: Perhaps it does, but you have to have some kind of system. You can't have over 100 delegations running around in an unorganized way, each negotiating for itself. That just won't work. A great many countries had pretty simple instructions because, on most issues, they were just to go along with the group they belong to. That is, most of the developing countries vote with other developing countries. As a result, it was often hard to arrive at any consensus because there would usually be a couple of countries which had strong and determined views. Of course, the U.S. was often one of these countries There was a lot of diplomatic glossing over of differences. However, I think this kind of system is as good a way to arrange work as any. Obviously, Group B would have worked better if it had decided to use the OECD [Organization for Economic Cooperation and Development] as an effective coordinator to come up with common positions and then stick with them. Also the OECD could have provided a professional secretariat to prepare Group B drafts and even certain speeches on behalf of the group. In effect the UNCTAD Secretariat was such a secretariat for the Group of 77 and even to a considerable extent for Group D, the communist states. However, there were some Group B countries, such as France, that were too eager to court the developing countries to permit binding OECD coordination. Thus Group B had to depend on volunteers from among the delegates to perform the secretarial function. Too often I was struggling to understand a draft in French and determine if the U.S. could support it.

Q: The same thing could be said of the Scandinavian countries.

BUSHNELL: Yes, to some extent. The Scandinavians generally had more forward positions. A number of Scandinavian countries do give one percent of their GNP [Gross National Product] in aid, so they don't have any problem with agreeing to that. On shipping, however, the Scandinavians have quite a tough position. It was often hard to get a really meaningful, group position, except on tactics. At least during the time that I was in Geneva, the general perception was that the U.S. tended to be the least willing to move toward the developing countries. This perception was partly because such countries as Japan, Germany, and Italy diplomatically hid behind the United States, saying little and letting the U.S. carry the ball.

Q: I think that's been true from the beginning. How about the UNCTAD Secretariat? What did you think of it?

BUSHNELL: Perhaps my view of the Secretariat was unfair, but I thought the Secretariat could have made a difference if it had been willing to come up with more imaginative and balanced proposals. For example, it could have recommended that, for the developing countries to receive some benefit, there would have to be some self-help effort by them to improve their own policies. Or, if the developing countries and the Secretariat had brought some balance into the debate by describing developing country policy changes that worked, the whole concept of UNCTAD would have been more fruitful. After all the principal responsibility for development certainly lies with the developing countries themselves not with the developed countries, although you would never know this by listening to an UNCTAD debate.

However, the UNCTAD Secretariat became, at best, one more reporter on the situation in the world. Its reports were not as good as those coming from a number of other organizations such as the World Bank and the DAC {OECD Development Assistance Committee}. Sometimes, its proposals were not technically sound. The UNCTAD Secretariat wasn't a strong secretariat. I don't know how it is now.

Q: I think that it has been the same all the way through. Raoul Prebisch had left office as Secretary General of UNCTAD by the time you were there. Perez Guerrero was the Secretary General when you were there. Do you have any comment on him?

BUSHNELL: I didn't know Prebisch in that incarnation. I met Prebisch in Argentina later. I think that his ideas had changed significantly after he left UNCTAD. Perez was quite a sophisticated diplomat. He did not add much substantive leadership to the economic mix in UNCTAD as Prebisch had. He was able to maintain good relations with almost everybody, which was not easy. He was good at finding compromise language, which could be read in different ways and say different things to various people. Such diplomatic slight-of-hand may not have had much effect on the real world, but it had become the heart and soul of the UNCTAD game.

One of the exercises I participated in was preparations for the Second Development Decade. It was part of a UN wide effort. The UNCTAD assignment was to come up with recommendations. Thus Perez Guerrero convened an Advisory Group to help UNCTAD prepare for the Second Development Decade. The thrust for UNCTAD was that focusing on a second development decade would get the richer countries to do more for development of the poorer countries. The US expert was Isaiah Frank, then a professor at John Hopkins who had worked in State EB from 1945-63 including as DAS. Professor Frank was not familiar with the UNCTAD and the UN game. I was assigned to work with him; in effect I educated him on the UNCTAD game. Most of the other advisors either had UNCTAD experience or were educated by officers like me from their countries' Geneva Missions. Thus many of the arguments and issues were the same as those we dealt withevery day in UNCTAD. Especially when it came to preparing a draft for New York, the bargaining was much as it was in UNCTAD meetings. This draft was to lay out the goals for the next decade for development and development assistance including trade measures.

As was often the case in UNCTAD, a small group was brought together, this time by Perez Guerrero himself, to try to hammer out this draft of goals. Unusually, at the end of the day Perez invited the group, perhaps made even smaller, to his apartment to continue the work. As I recall, we worked two or three nights far into the early morning. The compromise language got more and more contorted. The U.S. was not in a position to make any major concessions; certainly this is not where we would make such announcements. Thus we pressed for general and thus pretty meaningless language. I don't recall that the final product had any impact.

This tension between the developing countries and a few developed countries was continual in UNCTAD. In these informal negotiation groups I frequently gave my little lecture that it would be easy for the U.S. to vote for some of these proposals, since they weren't binding on us. However, if we didn't intend to do what the resolution called for, or if we didn't have any internal means for carrying it out, we were honest enough to the UNCTAD process to vote no. Moreover, where we voted no, there would be no chance of getting our Congress to approve the measures that were desired. Until we could see a way of doing it, we weren't going to vote for things which we couldn't live up to. Most delegates appreciated this approach, perhaps because they saw that an UNCTAD where everyone voted for lots of things to help developing countries but few implemented them would soon be clearly worthless, and their nice Geneva jobs might be gone.

Q: Were there other individuals in the UNCTAD Secretariat of whom you have any particular recollections, either positive or negative?

BUSHNELL: The head of the Commodities Division was Bernard Chidzero, an African.

Q: He was from Zimbabwe. In fact, when Zimbabwe became independent, he became the Number two man in the government, under Robert Mugabe.

BUSHNELL: Chidzero seemed very much a rising star. He seemed to understand the economic situation better than others. However, he was not very effective as a senior UNCTAD staff member. By and large, the UNCTAD Secretariat was staffed by people who were making international organizations a career and enjoying life in Geneva. They were not at the top of the ladder in whatever their area of specialty was. There were a few young people starting out there who had good potential, but they tended to be buried in the system. By the time a paper was edited by all of their bosses, there was little left of what they had originally put into it.

Q: Did you get involved at all with the UNCTAD/GATT International Trade Center?

BUSHNELL: Very little.

Q: Do you have any comment on that?

BUSHNELL: I thought the trade center was useful and tried to defend it in the budget, for example. I was not in favor of cutting that part of the budget. The Trade Center was an example of more practical help to developing countries in contrast to the diplomatic discussions in UNCTAD. Most of the Trade Center budget came from the UNDP (United Nations Development Program) and from voluntary donations from the Scans and others. The Trade Center basically provided technical assistance on such items as trade promotion, standards, and trade taxes to assist developing countries expand their exports.

Q: Could you comment on the US Mission? First of all, you were fairly independent in connection with many UNCTAD operations. You were probably more dependent on the delegations coming to Geneva from Washington than on the US Mission. Could you comment on Henry Brodie?

BUSHNELL: Henry Brodie was the Economic Minister most of my time there. His priority, and clearly his personal preference, was working on GATT problems. He attended some UNCTAD meetings. After I got my feet on the ground, he largely left UNCTAD to me,

as did his successor. He gave me support in getting cables out. However, unlike other jobs I have had, most of the time I was not really on my own because I had lots of visiting delegates from Washington. There were only rare meetings which I attended without people from Washington in attendance. These visitors were officers who dealt with policy in the area being discussed, and I didn't have any need to look to the US Mission for guidance. In fact, I didn't spend a lot of time in the Mission. My Mission office was a place to write reports and read cables and UNCTAD papers, but that was about all.

Q: Henry Brodie was replaced by Bill Miller. Any comment on him?

BUSHNELL: No. Henry Brodie had been around UNCTAD for a long time. He was someone to go to when I needed advice and suggestions. As for Miller...

Q: Brodie was an expert on commodities.

BUSHNELL: Miller never had much to bring to the table on UNCTAD; he did not know the issues and didn't really have much to do with UNCTAD. I think he distanced himself rather intentionally from UNCTAD, at least during the time that I was there.

Q: What about Herb Propps?

BUSHNELL: Herb Propps was a good economist. I had met him years before when he was in the Embassy in Canberra, Australia, and I was studying there. He was antipathetic to UNCTAD because no good, trained economist had a real professional challenge there. Fortunately, he didn't want to have much to do with UNCTAD and, in fact, didn't have much to do with it. He had been in Geneva for a long time and was a great GATT expert.

Q: He was a little reserved about everything in Geneva, including even GATT. He had the attitude that “those fools there don't know what they're doing.”

BUSHNELL: Trade negotiations are more about politics, especially domestic politics, than about economics. Now that GATT is the WTO [World Trade Organization] the political element may be even more obvious.

Q: Bill Culbert replaced Herb Propps about six months after Propps left Geneva.

BUSHNELL: Bill Culbert considered UNCTAD to be a joke. When he really had to do something there, he did it. He did some work on trade preferences. You really had to have a good case that you needed him or an UNCTAD meeting would be uncovered or you didn't get Bill Culbert to do anything on UNCTAD.

Q: Did you have any sense about other people in the US Mission? Was Roger Tubby still there when you arrived?

BUSHNELL: Yes, he was there. He had been President Harry Truman's press spokesman. He was head of the US Mission to UN agencies in Geneva when I arrived, but he soon departed. I thought he was a wonderful guy, but I didn't really know him. He had nothing to do with UNCTAD.

Q: What about Charles Mace? He was the DCM [Deputy Chief of Mission] of the US Mission.

BUSHNELL: He was a career administrative officer; he was a nice guy.

Q: He was a twin brother of Howard Mace, but they were very different. Do you remember anything about Idar Rimestad?

BUSHNELL: Rimestad brought Jules Bassin as his DCM. I had the impression they became more active, especially on budget issues. Maybe it was that they tried to get me more involved in the budgetary issues, even going beyond UNCTAD. They tried to look at the budgets of the other, specialized agencies of the UN. However, I really didn't have

the expertise to be much help. The concern was to hold down the increase in budgets because the U.S. paid 25% or more of the budget and it was increasingly difficult to get Congressional appropriations for international organizations.

Q: They were purely administrative people and both Rimestad and Bassin were uninvolved with substantive issues.

BUSHNELL: I don't know. They certainly were not involved with the things I was involved in, even in the crises. We had one crisis involving ECOSOC [UN Economic and Social Council]. The head of our delegation to ECOSOC was a political appointee who wanted to have a big impact with a forthcoming policy speech. I don't think he was going to advocate the 1% of GNP target as a goal for aid to the developing countries. But he was going to commit us to moving up some tenths of a percent per year in our aid and to reducing trade restrictions. These were all things the developing countries wanted to hear. I forget the specifics, but there were two or three things in this proposed speech which were clearly against our established policies. Some of us pointed this out to him. He took the position that he was hired to make policy. [Laughter] Fortunately, there were other career officers, who had come with him from Washington. I was mainly involved in pointing out to them where the problems were. I don't remember that the front office paid much attention to the situation. I was involved in trying to quiet this head of delegation down. He was finally recalled to Washington and was relieved as head of the US delegation. He gave his speech and then was relieved. This whole performance was disgraceful, but it turned out, as we all knew, that he had not been hired to make policy. I was glad this mess occurred in ECOSOC and not in UNCTAD.

The summer ECOSOC meetings were among the low points of my assignment to Geneva. Normally ECOSOC meets in New York, but New York is pretty hot in August and a month or so in Geneva is pleasant for many delegates. In August UNCTAD has no meetings because the Europeans are on vacation or because ECOSOC takes up the UNCTAD facilities. Since I did not have UNCTAD work, I was assigned to the ECOSOC delegation

during both summers I was there. Of course, it was cheaper to place me on the delegation than to send another officer from Washington or New York. Fortunately the pace of work was slow. I handled only a few issues such as economic reports and tourism. I enjoyed developing contacts with the Latin American delegations, and we even developed some drafts in Spanish especially on tourism.

The worst thing about the summer ECOSOC, and the most difficult, was the ECOSOC Council meeting room where the plenary met almost every day for many hours filled with endless, and usually meaningless, speeches by the heads of delegation. The chamber has a balcony above it, which is where the thousands of tourists on tours of the Palais file through and can then sit and watch the proceedings. You go back after a nice, Geneva lunch and a couple of glasses of wine, and you have to sit for three or four hours through boring and tedious speeches. Often I had to take the US place at the table as the senior delegates were busy negotiating. Most speeches were not even worth taking notes. However, woe to you if your head should nod, because some American tourist will be in the balcony and will look down and see that, behind the sign for the US delegation, the delegate is sleeping. You really have to look as if you are representing US interests or you might be at the end of a Congressional investigation of why the US delegate was sleeping.

Q: Did you like Geneva as a post?

BUSHNELL: It was a pleasant place to live and work, but UNCTAD work was not very interesting.

Q: Today is Monday, February 23, 1998. I would like to put a little of the UNCTAD material into a bit of perspective, before we go on to your assignment to the NSC [National Security Council]. You were there, beginning in 1969, so you were not really involved in a major conference. You were basically implementing the results of the New Delhi Conference of UNCTAD and preparing for the Santiago Conference.

BUSHNELL: That's right. We were supposedly implementing the results of the New Delhi Conference, particular the agreement in principal to establish GSP [General Specialized Preferences]. Work was just beginning on preparations for the next Conference; at least, by the time I left Geneva in early 1971, we weren't really into serious preparations. There was a big debate about where the next UNCTAD Conference would be, and there was great opposition to holding it in Santiago, Chile, where Salvador Allende, a Marxist, had been elected President in 1970. I don't recall that it was a matter of tremendous moment to the United States although we supported having the conference in Geneva which would have been much cheaper.

Q: I think we have adequately discussed the major negotiations and institutions. How would you put these discussions in the context of the overall situation?

BUSHNELL: There was a basic point on which there was international disagreement, although in the United States there was virtually no recognition of this disagreement and certainly no general recognition that our position was shared by only a small minority of countries. It is convenient for the developing countries, both large and small, to try to get international decisions into a forum where the voting is one-country, one-vote, rather than some kind of weighted voting based on economic measures or even population. On this basis the overwhelming majority of votes are with the poorer countries. They see such decision making as in their interest, that is developing countries would like decision-making structures where they can use their votes to redistribute world income and make other decisions. They wanted to use UNCTAD and other fora to restructure world decision-making away from the concept of weighted voting as in financial institutions such as the World Bank where the rich countries have most of the votes, or even the UN, where the decision making bodies such as the Security Council are dominated by certain richer countries, rather than the majority of poorer countries. They argue such a restructuring would be more democratic, although I have never understood why one nation having one vote in analogous to one vote per citizen. The failure of the US body politic to even

recognize that this disagreement exists is interpreted in many developing countries to reflect US arrogance.

The thrust of the developing countries and some of their supporters in developed countries was to put as many economic decisions as possible into structures where issues would be decided on the basis of one country, one vote. This thrust was the origin of UNCTAD [United Nations Conference on Trade and Development], and the effort of the developing countries at the first conference and at later meetings was to get as many trade and financial issues into UNCTAD as possible. Before I was associated with UNCTAD, there was considerable tension between the developed, or richer countries, and the developing countries on how to proceed. It was ultimately decided that UNCTAD would operate on the basis of consensus, something like the UN General Assembly, rather than black and white, up or down votes. The U.S. and some other countries made it clear we would not be bound by votes in a forum where the richer countries are in the minority.

Gradually, it became clear that a voting process controlled by the poorer countries wouldn't change the world. The question then became how to extract concessions from the developed world and how to use the potential votes of the developing countries to influence decisions. The richer countries developed a group feeling that they were the targets in an UNCTAD structure which gave the advantage to the developing countries. This entire issue of world economic decision making wasn't of much interest to anyone in the United States or Washington in part because most recognized that it would be market forces, not votes in some international body, that would have the dominate influence on the world economy. But quite a few of the other developed countries felt it was time to give at least some kind of forum to the developing countries. Thus UNCTAD existed, but there was considerable reluctance in the U.S. to use this forum constructively.

There was also considerable tension in Washington between the Department of State, which sought to claim, at least at times, that it was in charge of US foreign economic policy, and other departments which had other, domestic, objectives. There was a

feeling at State that we should show some movement in the direction of the developing countries at UNCTAD. But other Washington departments, such as the USTR [Office of the United States Trade Representative], the Treasury Department, and the Department of Commerce, didn't see anything of interest to them in UNCTAD. Essentially, they didn't want to have much to do with it. These were some of the tensions we had to deal with. In order to keep UNCTAD functioning, we had to provide at least a certain amount of opportunity for a dialogue and tell the developing countries what the US positions were. We had to listen to the positions of the developing countries. With the exception of GSP [General, Specialized Tariff Preferences] and perhaps arrangements on a few commodities there was little which we could do that would change anything. So our work in UNCTAD was a form of dialogue.

Q: In the last session you made some reference to having met Raoul Prebisch in Buenos Aires; he had left Geneva by the time you arrived there. I said that perhaps we should discuss that later, but perhaps this is the logical time. Could you discuss the circumstances of your meeting him and what your impressions of him were?

BUSHNELL: While I was in the Embassy in Buenos Aires from 1982-87, Prebisch returned to Argentina and became an advisor to the newly elected democratic government. I got to know him fairly well; several times we had lunch together privately before he died. We had a lot of time to discuss both the Argentine economy and more global issues. However, we never really discussed UNCTAD issues.

Q: I met Prebisch in Chile in the late 1950s. When I was at Harvard University after that, I met him again and later got to know him when I was in Geneva for the UNCTAD negotiations. I became acquainted with his whole approach to things. My own sense was that his analysis of the global economy had some merit. However, it was his policy prescriptions that were not very sound.

BUSHNELL: Prebisch was a leading spokesman, during most of his life, for the accelerated development of the poorer countries. On a worldwide basis he was seen as one of, if not the leading spokesman, for what economists call the infant industry approach to development.. According to this view one can develop the industrial sector of an economy by providing high levels of tariff protection, forcing industry at least to assemble in country what they produce, and thus building up a country's industry until it reaches a critical mass where local industry can gradually become competitive with external sources of supply. As the industrial sector grows, it will train more skilled manpower and will eventually even be able to export. Prebisch was influenced by what happened in Argentina and other Latin countries during the Second World War when they were cut off from their normal imports of most manufactures by the war. Many industries sprang up to meet domestic needs, although they were generally high cost operations. Prebisch considered protection for such infant industries was the best way to get development. But he never argued that countries should be self-sufficient and try to withdraw from the world by developing a full range of self-sufficient industries. Prebisch was of the generation which believed in state economic planning. He believed states should give strong protection to those industries which the planners thought could eventually become efficient and even export, at least to neighboring countries.

He stressed that this kind of policy involved taking steps toward becoming more advanced and having more skilled and technically qualified workers and even reducing protection over time. Thus, over time, countries following these practices would become competitive at the world level and could engage in two way trade in industrial products. Prebisch's theories had great appeal in a majority of developing countries during the 1950s. These countries saw that, essentially, they were producing raw materials which were exported to richer countries. Then most of their needs in terms of manufactured goods were bought from these richer countries. There was little opportunity for them to develop manufacturing and the middle class workers that they saw producing manufactures in developed countries. They felt they were kept in that inferior role, as they saw it.

Most economists agreed that some steps to promote industrial development made sense. What happened, by and large, particularly in Latin America, was that the policies were controlled by a local power structure which was controlled by the infant industries. Instead of improving their efficiency and reducing prices, the leaders of the infant industries developed political power and used it to protect their monopolies while doing little to increase efficiency or even train their workers. Profits were often high and quality low. Thus the new industries did not become efficient or export oriented. Unfortunately, these infant industries were controlled by people who were monopolistic in their approach, and the goods they produced were characterized by high unit cost and high unit profit. This tendency toward monopoly and protectionism defeated what had been Prebisch's dream that people developing these infant industries with the help of protection would become more and more efficient. Perhaps the key misjudgement was to believe that the governments of developing countries could plan their development and operate independent of their new industrial czars.

The need for increasing efficiency just didn't take hold in Latin America, while high protection continued, although there were some efficient industries developed in the shadow of this kind of protection. It was pretty much the same story elsewhere in the world. By the time I knew Prebisch in 1984, he had expanded his view and argued that you needed more than just protection. You had to push for efficiency in operations and training of workers and technicians. Development was a complex package, but it was harder to articulate that concept, and it certainly was harder to sell it.

Q: However, most of Prebisch's formulas presupposed government intervention in the economies of the developing countries. Commodity agreements would drive the prices of raw materials artificially high. In terms of shipping arrangements and all kinds of other ways, Prebisch wanted to increase the flow of real resources from the rich countries to the poor countries. He thought that governments should be a central part of the process.

BUSHNELL: He certainly saw a major role for government in the economy, and he saw government as being more efficient and effective than it usually turned out to be. He thought governments were able to manage an infant industry policy which would, in fact, wean people off protection. He certainly saw a big role for government in terms of both planning and direction of what would be done. He thought government could effectively designate which industries, what kind of protection, and what steps could be taken to improve efficiency. He also, of course, wanted to see a transfer of resources in various forms from the developed to the developing countries. I don't think he considered such transfers to be related to his industrialization policies. His view of commodities did not grow out of his infant industry concept. What Prebisch saw in both cases was a need for planning. For example, in Latin America, when the price of coffee was high, many new coffee bushes were planted in most countries. Of course, when these bushes entered into production six years later, there was a glut of coffee, and the coffee price went way down. That result was created by the market. In his view, you needed to use the influence of governments on some coordinated basis to break that cycle of the rise and fall of prices. He felt people should only plant the number of coffee bushes that would meet increasing consumption at some sort of fair and equitable price. He thought that this could be done by some sort of international commodity agreements. He did not recognize how difficult it is to project future demand or to control economic actors in developing countries.

Q: But he thought you could do this on an actuarial basis, like insurance, which has a certain economic and theoretical foundation. When I was assigned to UNCTAD affairs in Geneva, some commodities experts said that Prebisch always wanted to peg commodity prices artificially high and even beyond levels which would provide coffee growers with relatively stable incomes. There would be greater incomes for the producing countries.

BUSHNELL: I'm not sure that attitude was really integral to his thinking. There was always great tension because producers generally thought market prices were too low, while consumers generally thought that they were too high. There is no magic, economic

formula which tells you what the right price is. The greatest problem I found in UNCTAD discussions was that nobody wanted to talk about what was happening in terms of commodity production. I used to say I would like to go around the table and hear from the producing countries whether the price of cocoa, for example, was causing their farmers either to expand, contract, or maintain production at the same level. Were producers making plans about levels of production? What was the market reaction in each country to higher or lower levels of prices? That would tell more about what was going on and what problems of shortage or surplus would be faced in a few years.

For example, if nobody was planning to increase production, the current price was too low, as sooner or later producers would have to plant new coffee bushes. If everybody was planning to increase production, then the price was too high. But producing countries in UNCTAD were not prepared to hold this type of dialogue. Political groups in many countries monopolize power and information on such subjects as investment and are not about to share it with their own governments, let alone with foreign governments. The governments of the commodity producing countries were not able to deal with this sort of issue, which was of critical importance to make any commodity agreement work. In most cases the U.S. was not prepared to deal with these issues either. We did not believe in government planning, and we really had few mechanism to control production of those commodities where we played a role in exports. So in terms of commodity agreements about all we could do was play around with the size and nature of stocks. However, if we didn't deal with basic production, we couldn't exercise much control of prices in the long run just by dealing with stocks. So commodity agreements proved themselves not very feasible.

Q: In any event, this range of economic issues actually preoccupied you, in one way or another, during a large part of your Foreign Service career. Do you think these issues received the attention in Washington which they deserved? Essentially, as you say, this was a problem for three or four decades after World War II. Did the existence of OPEC [Organization of Petroleum Exporting Countries] as an institution increase our power to

deal with these issues? Or in fact, since OPEC was denigrated to such an extent, not only within the United States, but also in other developed countries, did OPEC's existence tend to reduce the time that we devoted to the actual issues?

BUSHNELL: I'm not sure OPEC had much effect. It's been a long learning curve for everybody, in the developed as well as the developing countries. Over the past 50 years we've learned an immense amount about what works and especially what doesn't work in terms of development and we're still learning. The Asian economic crisis that we're going through now is perhaps the most recent learning experience with the development model which had recently seemed so effective now being called into question. The OPEC experience illustrates just how hard it is to influence commodity prices even for a commodity which is largely produced for export in developing countries by governments themselves. I think no one has found the magic answer for rapid sustained development. There are great tensions between what governments can and cannot do to promote development.

There are a lot of things which we now know are important and have proved important. We are much more advanced in this respect. But, when push comes to shove and there is a crisis, the IMF [International Monetary Fund] follows pretty much the same policy now as it did 40 years ago. That is, to maintain an equilibrium in foreign exchange rates, you have to maintain basic budgetary, fiscal, and monetary balance. That's the central focus of the IMF. But the IMF generally does not make judgments on what are good or not good expenditures. The IMF says: “Cut expenditures.” For the IMF, cutting expenditures is the same if you eliminate two military divisions and the costs that go with them or if you eliminate, say, 500 high schools, and the costs that go with that. Those two actions are equal, fiscally, as far as the IMF is concerned.

Q: However, in fact there is a big difference between those two actions.

BUSHNELL: Yes. The World Bank sees a big difference, but it also has been slow to adapt to changing situations. Only fairly recently has the World Bank been willing to address the quality of spending programs. Where there are sensitive, political issues, such as the trade offs between military and educational expenditures, the World Bank has really not found a way to address the problem. The Bank may choose not to lend money for education if the country is closing high schools, of course. It is only recently that the World Bank has been a little more willing to walk away from a country entirely. What happened in the 1950s, 1960s, and 1970s was that, if a country was foolish enough to close its high schools, to take an extreme example, the World Bank would not lend it money for educational purposes. However, the bank might still help such a country build hydroelectric dams. Money is fungible, and it is not clear the World Bank has played a very constructive role in respect to the development efficiency of borrowing nations' own expenditures.

Now, the World Bank is more willing to walk away totally from a country where policies are perceived as being very bad for development. This change has been a long time in coming, and it really is only applied in cases of the worst kinds of performance. The World Bank and, to some extent even the IMF, have become more willing to provide technical assistance in implementing some of these efficiency policies. They have done better staff work in trying to persuade leaders in a given country that good education is important. The two institutions have become more effective over the years in providing that kind of indirect, educational persuasion. However, I think that a more important function which the World Bank and the IMF have performed is their work in training economists from developing countries. They have trained thousands of economists in their institutions and supported academic work in house. Both they and AID have supported advance economic training, largely at US universities though also elsewhere. The result is a substantial corps of well-trained economists, worldwide. These economists are now reaching the point where they hold powerful positions in their governments. They have learned that the same basis economic theories apply throughout the world. They have recognized the general inefficiency of government and the difficulty of bringing to power enlightened, honest, and

efficient governments such as some people like Raoul Prebisch dreamed about. As a result, these economists have been putting more faith in the market, and particularly a market which is worldwide in scope and therefore not likely to be driven by monopolistic or other narrow interests.

Q: Of course, the Bretton Woods institutions necessarily reflect the positions of governments. Since the end of World War II many governments, including that of the United States, have overwhelmingly been preoccupied with Cold War considerations. To what degree do you think that may have warped or distorted perspectives on Third World development?

BUSHNELL: Certainly Cold War considerations played a large role in justifying foreign assistance appropriations with the Congress and the public and in the allocation of both bilateral and multilateral aid. But I think the degree is a hard question to answer because one can argue that, absent the cold war, there would have been a much smaller assistance role for the public sector in the case of the United States and many other countries and relationships with the developing world would have been more in the hands of the private sectors. However, the Cold War had such a big effect on so many things it is hard even to speculate how things might have developed without it. Certainly military assistance would have been much less, but would that have resulted in greater economic assistance? If it had not been for the failure of central planning demonstrated in the USSR, would the world have realized the value of market allocation of resources as soon and as completely as it has?

Q: But the Cold War affected the purposes of the United States and its allies.

BUSHNELL: Certainly. But, leaving aside considerations of the Cold War, a lot of money went from developed countries to the developing countries. This money went largely for economic development. Certainly in the United States, and perhaps even more in other developed countries, there was a lot of support for helping poorer countries quite

independent of Cold War considerations. Such assistance has only fallen gradually with the end of the Cold War. One of the arguments I, and many others, used in justifying economic aid to the developing countries, including contributions to the World Bank and to regional development banks as well as bilateral assistance, was the perceived view that in Latin America and some parts of Asia and Africa failure to help the countries develop might cause them to look to the USSR for help on their number one probleeconomic development. If we didn't help these developing countries, the Russians would do so.However, the Cold War was just one of many rationales for US assistance. If our Defense budget had been a third its actual size absent the cold War, how much assistance appropriations might we have gotten without a Cold War argument? Perhaps even more.

Of course, one of the factors that diminished the work of the international institutions and AID, in terms of the quality of their development advice and effort, was that from time to time situations arose where a small, dictatorial group ruled a country and followed pretty bad economic policies. Despite the bad policies followed by these governments, they obtained economic aid, both from the World Bank and AID, and sometimes even from the IMF, because they threatened, in effect, to throw themselves onto the side of the Soviets. In cases such as Egypt and India and for awhile Indonesia, governments even moved toward the Soviets and obtained financial assistance and special trade arrangements from the USSR. In some cases the Soviet Union could hardly afford to provide substantial aid in this perceived competition. Certainly in this sense, the existence of the Cold War was a major rationale for increasing and maintaining aid to the developing countries. US aid to Latin America increased sharply after Castro's takeover of Cuba and after the communist Sandinistas took over Nicaragua. It is likely the high priority attached to certain countries because of the Cold War resulted in assistance resources going to these particular countries on a scale that would not have occurred had there been no Cold War. Thus the allocation of development funds was very much affected by the Cold War. No economy was in worse shape than the South Korean economy at the end of the Korean War in 1953. A large amount of aid was given on a sustained basis and over a long period of time

to build up the South Korean economy; this aid had fabulously successful results. The priority was Cold War, but the result was one of the greatest economic success stories of all time. Some now argue that concentrating large amounts of assistance on a country with good policies is the most effective way to achieve exceptional growth and eventual graduation from developing status.

Much the same thing could be said in the case of the Republic of China on Taiwan. That is another case of the results of the exceptional transfer of economic development funds as a result of the Cold War. Certainly, if there had been no Cold War, there would not have been as much support for Taiwan from the United States. Other examples may be found in the cases of Greece and Turkey and certain countries in Africa. After the events of 1965 the Dominican Republic received exceptional aid flows and had exceptional growth for a decade. As the communist threat rationale diminished so did bilateral aid, but private investment more than made up for the decline.

Q: Israel provides another example of that kind.

BUSHNELL: The situation in Israel is different. Assistance was not primarily Cold War driven. To the extent the Cold War was a driving factor, we are now struggling to find a rationale to convince the American people and Congress that they should sustain or increase the flows of development funds in the absence of the Cold War. The end of the Cold War has made it easier for the World Bank and the IMF to be tough with governments which have performed poorly because they cannot claim that they will go somewhere else if they are refused substantial funds. Thus the Bank and Fund can push for greater efficiency and effectiveness in using development funds.

However, I think that largely aside from Cold War considerations the movement toward market efficiency has been very substantial over the last four decades. This trend is even seen in the United States, although at a different level than in the case of developing countries. In this context we might go back to President Kennedy's famous quote: “Ask not

what your country can do for you. Ask what you can do for your country." No matter how you take that remark, it invites the government to play a bigger role. Certainly, during the Kennedy administration most people, including me, honestly believed governments could be good and efficient and could change things, particularly in the developing world. If you look at the U.S. during the Kennedy period, you will see that the government was on the cutting edge of development, for example building the interstate highway system, putting a man on the moon That was an era when the government played a strong and decisive role. One little noted aspect of the Vietnam experience is that it was a big government project; when the project appeared to fail, the confidence of people in the government's ability to accomplish was weakened. The view of government has changed nearly 180 degrees. Now the general view is that governments should get out of the way and allow the market to make decisions and that we should cooperate with the free market and permit it to work.

In the communist system the government made virtually all major decisions. One of the things that I encountered at UNCTAD, and which underlay many debates on the economies of the developing countries, was that in the USSR the price of bananas, for example, was set by the government. The government decided what price consumers would pay for imported bananas. That was a decision quite separate from what the USSR government would pay, for example, to Honduras or the Ivory Coast. Price fixing by the government was seen by many as a proper role, not only in communist countries, but by quite a lot of developing countries where government intervention played a large role in the economies. In many ways the economic model of these countries was closer to that in communist countries than the more capitalistic model in western countries. It is only fairly recently that we see fundamental changes in Latin America and some of Asia in this respect.

Q: Under what circumstances did you learn that you were leaving Geneva?

BUSHNELL: At Christmastime of 1970 we were going to Germany for a few days vacation and to shop for toys for our kids at the PX's [Military Post Exchanges]. About a week before, the US Mission received a call indicating the NSC [National Security Council] was looking at me as a possible candidate for a job, and Henry Kissinger [National Security Adviser to the President] wanted to talk to me. I thought that was pretty exciting. However, nothing happened. We went ahead on our trip; I laboriously set out a list of phone numbers where we would be staying, so that I could be contacted if Kissinger called Geneva to talk to me. We came back, and Christmas came and went, so I thought that was a false alarm. I expected to be transferred from Geneva during the summer of 1971 after a two and a half year assignment. I wanted to get back on a summer transfer cycle as schools were becoming an issue and most assignments open in the summer.

Q: Did you have any idea of where you were going?

BUSHNELL: No, although I anticipated going back to Washington as Geneva was my fourth consecutive field assignment. I had no particular idea of where I would be assigned, but I thought I had a good chance for an assignment in EB (the Economics Bureau). This was before we had bidding for assignments. In the middle of January, 1971, a wheat conference was opening in Geneva, and a large delegation came from Washington. On a Monday while I was at the UN Palais des Nations for the opening meetings, I was called back to the US Mission in Geneva. Actually, I didn't have a lot to do at this wheat meeting with so many from Washington and only one speech to be made. I went right back to the Mission, and I believe it was the DCM, Bassin, who told me I was being assigned to the NSC [National Security Council] staff.

Q: You didn't have a talk with Kissinger?

BUSHNELL: No, he never called. I was told the NSC wanted me to return to Washington right away. I said: “What do you mean by right away?” I was told: “They would like you to be there tomorrow.” This timing was totally unexpected, but I saw it as an opportunity

and an adventure. It was too late to get a plane that day, and I was not even packed, but the administrative people in the Mission found they could get me an airline ticket to Washington on the next day. This was supposedly a TDY [Temporary Duty] assignment at least to start, but the US mission thought I would be assigned to the NSC on a permanent basis after I returned to Geneva for a couple of months. I quickly packed my bag and left the next day for Washington.

Q: Did you have any idea of why they were in such a hurry? I recall that Pete Vaky was on the NSC staff in Washington at that time. Do you think that he recommended you?

BUSHNELL: No, I don't think so, although he may have been aware of this forthcoming assignment. I subsequently found there was a permanent job waiting for me. Actually, I replaced another FSO, Bob Ryan, on the NSC staff.

Q: You mean Bob Ryan, Jr.

BUSHNELL: Yes. I had no overlap with him. He had left some months earlier. This was a normal replacement. The NSC had asked for personnel files on a suitable replacement for him. Someone in the Office of Personnel had sent the NSC a bunch of personnel files. K. Wayne Smith, one of the McNamara's wiz kids and then a Rand analyst, was the director of the program analysis office of the NSC where the vacancy was. He liked my file and recommended me to Kissinger. When I arrived in Washington late on Tuesday, I went first to the Office of Personnel in the Department of State, and I was told to go to the NSC. I went and met with Wayne Smith, who said: “Can you leave on Saturday?” I said: “Leave for where?” He said: “For Indonesia.” I said: “I've just arrived in Washington on TDY and have not yet unpacked my bags.” I wasn't expecting a tropical trip. I had packed my clothes for this trip expecting to be in Washington in the wintertime. However, I said I could manage.

I soon learned there had been a big, interagency battle about the need to do more for the Indonesian military, establish a better relationship with them, and allocate additional funds

to them. This idea was resisted by both the US military and civilian agencies. However, Kissinger was very gung ho on improving relations with the Indonesian military. The State Department and the Pentagon put together a mission to Indonesia to determine what the Indonesians needed, what could be provided, and what recommendations should be made.

Q: Why did they want you to be a member of this mission? I would have thought that you would need a special background in this area.

BUSHNELL: Wayne Smith and Kissinger thought a good analytical officer could handle whatever he was assigned to do. As to the area expertise, the Department of State could provide that. We had two Department of State officers on this mission. I didn't know much about military equipment, but that's what the military members of the mission provided.

Q: Who briefed you before you left for Indonesia? Was there somebody else to tell you what you were supposed to be looking for?

BUSHNELL: I had a couple of interesting meetings with Henry Kissinger, who told me what he was trying to do in political terms. Wayne Smith filled in the background and gave me ideas to explore.

Q: That was the first time you met Kissinger, a day after you arrived in Washington from Geneva?

BUSHNELL: Right. I had a few meetings with him as we prepared for this mission to Indonesia.

Q: Well, tell me about the first meeting you had with Henry Kissinger. I assume that you had been told somewhat about the mission.

BUSHNELL: I was told a little. Kissinger explained to me what this mission was about and where it fit in his plans to strengthen nations in the neighborhood of Vietnam. He said the

Indonesian military appeared to be disillusioned with its love affair with the Soviets and there was an opportunity for us to move the entire relationship in our direction provided we focused on our national interests and did not give too much weight to the terrible things the Indonesian military had done to the Chinese community there and such issues. I then went to the Pentagon and met an Admiral Flanigan who was leading this mission. I also met with Paul Gardner at State, who was the Indonesian Country Desk Officer and was the senior State Department officer on this mission. I don't remember the sequence of what I did, but in addition to Kissinger and Smith I met with Dick Kennedy, who coordinated military assistance at the NSC, and John Holdridge, who headed the NSC East Asian office.

Q: Was this Ambassador Kennedy who was...

BUSHNELL: Dick Kennedy years later worked in the State Department on nuclear matters. However, at this point he had a job on the NSC staff coordinating the military assistance budget and many other matters. He was an Air Force Colonel, who may have been retired during part of his long NSC career. Kennedy's office was called the NSC Planning Group. It was a trouble-shooting operation and was very high powered. John Negroponte worked there on Vietnam negotiations; Chester Crocker and John Lehman Jr. were also in that office. Later, but all within a couple of days that week, we all met with Kissinger in the Situation Room in the White House basement where he outlined what he wanted from the mission. After that meeting, the other members of the Study Mission left, and I left the NSC area with them. Then I was called back, and I went to Kissinger's office, practically next to the President's, and he told me more about how the mission fitted his plans. He didn't want to tell anybody else on this mission. That's the way Kissinger worked. This was my intensive but fairly unspecific, and certainly unclear, introduction to what this mission to Indonesia was about.

Q: I'm still not clear as to what you were supposed to do.

BUSHNELL: I was not very clear either, but I understood Kissinger had decided we needed to support the Indonesian Government under General Suharto and his military in strategic terms, and this mission was to develop specific options for doing so.

Q: Refresh my memory on this. President Sukarno was overthrown in 1968? So this was three years later, and Suharto was firmly in control then.

BUSHNELL: Yes. He had been elected President of the country. Kissinger's sense was that Suharto was pulling Indonesia together and moving away from the USSR, and we needed to support him. Indonesia had a vast number of islands, with a tremendous number of communists still around. The Indonesian military were the only people that we could work with. All we had was some information from the US military that the Indonesian military didn't know anything about US equipment and didn't know how to use it. The USSR had been their main military equipment supplier for some years. They had requested some equipment from the State Department, which said that the Indonesian Government was made up of military people, who weren't democratic. However, the State Department didn't identify anybody else who could stop the communists. The State Department people, according to Kissinger, were not constructive. They were just destructive.

This was January, 1971. The US military assistance budget for Indonesia amounted to only about $8.0 million, or something like that, mainly for spare parts for old equipment. Kissinger's view was that it should amount to $50 million in the next budget presented to Congress. He wanted to have a program responsive to Indonesian needs. He wanted to change the military assistance budget before it went forward to Congress in a few weeks. The time available to develop a larger military assistance budget was extremely short. Essentially, we had to re-do what had been done by the bureaucracy up to that point. The US military didn't see anything that they could provide the Indonesians because they believed the Indonesians didn't know how to fly and maintain US airplanes or drive tanks. All that the Indonesians had was old, worn-out Russian equipment, including heavy

cruisers and Russian MIGs. There were all sorts of problems. The US military was in a “can't do” mood. The Department of State was in a “shouldn't do” mood. Kissinger was in a “we'd better do” mood. The President would have to decide what we would do; actually Kissinger told me the President thought it was essential to help Suharto..

In my private meetings with Kissinger he asked me about my own military experience. I told him. He said the military in a country like Indonesia was nothing like our military. He asked if I knew something about third world militaries. I said I knew something about them. There was at least one army, and maybe two or three armies, depending on how they are set up, as well as an air force and navy. They held the balance of power if they were united, but many forces divided them. He said: “You've got it! You took the words right out of my mouth! Your job is to see that we have an assistance package which maintains the balance of power in the way that Suharto needs it.”

Q: Kissinger always saw everything in terms of a balance of power. Did you say that there was anyone else from the State Department on this mission?

BUSHNELL: Yes, there was someone from the State Department Bureau of Political-Military Affairs, although I don't remember his name. There were about 12 people on this mission to Indonesia. Most were military with representatives from each service, from the Secretary of Defense's office, from the Joint Chiefs of Staff, and from the office that handles foreign military assistance. I was low on the rank totem pole, and it seemed ridiculous for me to make any judgments about sophisticated military matters or the logistical problems facing the Indonesians. I had no basis myself for judging whether this or that type of equipment was suitable for the Indonesians. I looked to the officer from PM to help me on questions like that, but it turned out that he didn't know much about such matters either. I found a Navy captain, basically a senior bag carrier for the Admiral, who was most helpful. An Army captain, Radez, from the Secretary of Defense's office knew a lot about logistics and programming. He helped me a good deal. He was also able to get me answers after we returned to Washington.

I had one major distraction during the brief three days I was in Washington preparing for this Indonesian trip. I was also trying to figure out when I would have to begin a permanent assignment and move from Geneva. My wife and I decided that, while I was in Washington, I would try to find and buy a house for us to live in. The second day I was back I had a call from Howard Mace, who was the Acting Director General of the Foreign Service.

Q: He was the Deputy Director General and the head of Personnel. John Steeves was the Director General of the Foreign Service.

BUSHNELL: Howard Mace called me at the office I had just occupied at the NSC [National Security Council]. He said: “Can you come over and see me right away?” I had Indonesia meetings all afternoon so I said: “I can come over to see you at 5:30 PM.” I walked into his office, and he said: “What the hell are you doing here?” I said: “I thought we arranged for an appointment.” He said: “Oh, yes. I mean, what are you doing in Washington?” I said: “Well, Kissinger told me to come back for an assignment to the NSC.” Then Mace said: “Where are your orders?” I had never seen any orders. The US Mission in Geneva had given me an airline ticket, but I didn't have any orders. In fact, there had already been some discussion as to whether the Department of State or the NSC was going to pay for my TDY in Washington. This was one of those turf fights that go on in Washington. I didn't pay too much attention, but, in fact, I didn't have any travel orders.

I said to Howard Mace: “I guess the orders must be in Geneva, because the Mission bought my ticket to Washington.” Mace said: “You're AWOL [absent without official leave]. You're supposed to be in Geneva. Aren't you supposed to be over there? Isn't that where you're assigned? You should get on the next plane back to Geneva.” I said: “Something strange is going on here. You must know something about my assignment I don't know.” Finally Mace said: “Alright. I'm in a bad position, and you're in a very bad position. So I'm

going to tell you what it is, and maybe you can find a solution." Then Howard Mace told me what had happened.

There had been steady friction between the NSC and the State Department during the entire Nixon Presidency. On January 19, the day I had arrived from Geneva, there had been a long article in the New York Times by Hedrick Smith which said that Kissinger was really running foreign policy and the Secretary of State, William P. Rogers, and the Department were reduced to a secondary role. Smith mentioned many cases in which Rogers had lost on major policy recommendations and, moreover, several cases where Kissinger had even taken over matters of routine diplomacy. Key Ambassadors met with Kissinger, not State. It was a fairly nasty article for State, although it also laid out the organization of the NSC structure, which was a big help to me. At the Secretary's morning staff meeting, somebody had made the rash remark that Kissinger was doing all these things at the expense of State and doing it largely with a staff of State Department officers. Rogers reportedly said: "Not one more officer from the State Department will be loaned or assigned to the NSC." Then someone at Rogers' staff meeting said: "There's an FSO who's just going over to the NSC today." Rogers said: "No, he's not." Then Howard Mace had the job of implementing the decision made by Secretary Rogers, and I was in the middle. Mace recognized I wasn't on anybody's side. I was a Foreign Service Officer. I went where I was told to go. I had been told to go to the NSC. Mace finally said: "You're going back to Geneva right away." I said: "Wait a minute, I'm already at the NSC and I'm scheduled to leave in two days on an inter-agency military assistance mission to Indonesia. I'm the NSC person on this NSC-mandated mission."

Q: It's sort of hard to see Secretary Rogers getting involved in this. William Macomber was the Deputy Secretary for Management. Macomber was probably in the middle of that one, not Mace.

BUSHNELL: Howard Mace was the person who talked with me; he did not mention anyone else except the Secretary. Mace said Secretary Rogers had said that there

wouldn't be any more State Department people assigned to the NSC, and later other officers confirmed this to me.

Q: There must have been a piece of paper which Secretary Rogers signed.

BUSHNELL: Mace said: “Go over to the NSC and tell them you can't go to Indonesia? Tell them at the NSC that State says you have to go back to Geneva, and we'll see what happens.”

Q: I imagine that by this time the juices were flowing, and the NSC must have looked a lot more attractive than UNCTAD.

BUSHNELL: The NSC looked attractive, and I was being given substantial responsibilities before I even got there. If I'd had my druthers, I would have gone to the NSC, but I was prepared to do whatever the State Department told me to do. I said: “Alright. I'll go back to the NSC, but there's going to be a hot reaction.” Mace did not disagree.

I went back to the NSC that same evening and told Wayne Smith what the situation was. I wasn't able to see Kissinger that evening. The next morning Kissinger called me over to his office. Just the two of us were there. I described to him what had happened. He was wonderful about it. He said: “Well, what do you want? To be a GS-15 or GS-16 [senior Civil Service grades]? Tell me what you want.” He obviously saw another competitive situation with State, and he wanted to win. He said that, if I quit the Foreign Service, he would arrange immediately to have me given a senior Civil Service grade. However, I said: “No, I want to continue being a Foreign Service Officer, although I am delighted to work for you for a couple of years.” He went on about all of these patsy Foreign Service Officers, but he was reasonable about it. Then he said: “What you're telling me is that the State Department is being irrational.” I said: “It doesn't look like that to me. It seems to me that trying to stop me moving into an assignment to the NSC is pretty rational.” At one point he commented that the Foreign Service worked for the President, not any particular cabinet member. Finally he said: “You just go about your Indonesia mission and leave it to us to

work out." He asked who was paying for my trip to Indonesia; I replied that Defense was; he said good, implying one less card for State.

Later that day Howard Mace called me. I told him about my conversation with Kissinger. I said Kissinger had advised me to go about my business and that he would work it out with the State Department. I said: "Now, what should I do?" By this point I had in hand my ticket to go to CINCPAC [Office of the Commander in Chief, Pacific] in Hawaii, then to Taiwan to see the process of rebuilding military equipment there, and then to Indonesia. Howard Mace said: "Go ahead on this trip; since Defense is paying, it technically is not a TDY to the NSC. Then you can go back to Geneva afterwards and stay there. Do that, and we'll see what happens."

I went to CINCPAC. While we were in Honolulu, an officer said they had a super secret communication in the Navy code room which only I could see. The code room gave me a message from Howard Mace, which said everything had been arranged, and I was being assigned soon to the NSC for a two-year tour. I never asked and was never told what happened at higher levels in the State Department. I proceeded on this two-week mission to Indonesia and then came back to Washington, where I spent a few weeks helping to write the report on this trip and a memo for Kissinger and the President.

Q: You wrote your own report?

BUSHNELL: There were two things. The mission prepared a report on the trip to Indonesia. I worked on that, but most of the drafting was done in Defense.

Q: This report was submitted by the US military?

BUSHNELL: Properly speaking, it was an interagency mission report. The mission report discussed what we had found in Indonesia, what the Indonesians seemed to want, the problems in supplying many things, and a listing of possible assistance; there were lots of attachments largely prepared by various parts of Defense. It was submitted to the NSC

as well as to the various departments. Then I prepared an NSC memo, which was largely laying out alternative military assistance programs for Indonesia. This memo went into various increments of military assistance which we might provide and what would go to each service. There were various combinations available. This report went to Kissinger to decide which options he would presented to the President.

Before I was allowed to go back to Geneva to close out my UNCTAD work and collect my family, I also had to prepare a draft National Security Decision Memorandum which set out the President's decision. I asked Wayne Smith how I could prepare that without knowing which option was chosen. He said base it on what you recommended and prepare a second one based on the next best option. Even the mission report wasn't really finished at the time I left Washington. The matter was eventually decided in the NSC, and a decision memo along the lines of my draft issued.

Q: Was your recommendation really different from the overall report prepared by this special, NSC Mission to Indonesia?

BUSHNELL: The Mission didn't make any recommendation because the US military, I guess with the approval of the State Department, was opposed to increasing assistance sharply. All the Mission report said was that, if we were going to do more in the way of providing military assistance to Indonesia, there were various things we could do. The report didn't recommend doing any of them. I did get the mission to include a section on things which were counterproductive. Obviously, everyone would stay away from those things. I felt we had to do something for the Indonesian Army, the Navy, and the Air Force. The Study Group worked on that point and included some things for each as possibilities. The final decision was, for example, to provide one C-130 [transport aircraft]. The US Air Force had suggested giving the Indonesian Air Force six such aircraft or none, because, if we provided less, it would be difficult to maintain an appropriate stock of spare parts. It was a sound military position, but it did not meet the political requirement of providing

something to each service in a balanced way since six C-130 would have left little budget for the other services.

Q: So you went back to Geneva to pack your effects.

BUSHNELL: My wife had done most of the packing. She had sold a car, found a tenant to take over the lease on our house, and...

Q: How long had you been gone from Geneva? A month?

BUSHNELL: Nearly six weeks.

Q: But she had thought, when you originally left, that you would be gone for two or three days.

BUSHNELL: No, it was clear I would be gone from Geneva for at least two or three weeks.

Q: This is Monday, February 23, 1998. When we broke off, John, you were getting your family moved from Geneva to Washington and settled in a house in the Washington area.

BUSHNELL: I went back to Geneva but wasn't there for long. Of course, the people at the NSC [National Security Council] were eager to get me back. A replacement was designated for me in Geneva, and he arrived on TDY to attend a conference, but his visit gave me a chance to introduce him around. After two or three weeks I came back to Washington and went to work at the NSC.

Q: Whom did you check in with?

BUSHNELL: Wayne Smith headed an office in the NSC called Program Analysis. The NSC had a small staff, 50 or 60 officers and about an equal number of support people. There were three or four people for each region of the world. Then there were specialized people of various sorts. Finally, there was the Program Analysis Office which had been

created by Kissinger. Its purpose was to handle major issues or problems in which Kissinger was directly involved and where he felt a need for independent and, as he put it, more advanced and more intellectual detailed staffing than what he was getting from the various bureaucracies in the government. We had eight officers in the “Program Analysis Staff.” Its main task was SALT [Strategic Arms Limitation Talks], the strategic weapons negotiations with the Russians and other negotiations with the USSR. Most of the staff was devoted to that. However, we also had the Pentagon budget and the various issues of US force structure. Wayne and one other staff member worked on that. Then, because Vietnam was a big issue, and especially a big issue with Kissinger, Wayne was tasked to provide analysis and intellectual guidance on Vietnam, not on political matters but analysis of how the war was going, what the accuracy of intelligence was, and such matters. He maintained high level contacts with the military and intelligence people. John Holdridge [Foreign Service Officer seconded to the NSC] was the chief East Asian person along with John Negroponte [another Foreign Service Officer on secondment to the NSC]. They handled the political aspects of the Vietnam situation. There were military intelligence people on the staff who did the briefing on Vietnam. Program Analysis basically had the military and intelligence analysis.

There was an economics office headed by Fred Bergsten; Bob Hormats was also in that office. Fred was more interested in general international economics than in Southeast Asia issues, and such issues were soon transferred to me. When I joined the NSC staff, the only White House coordination of international economic policies was through this NSC office, but, while I was there, a separate White House office outside the NSC was established to coordinate international economic matters. Of course the President's Council of Economic Advisors had considerable interest in international economic matters, but the Council was not given a coordination role. Kissinger would frequently say he did not understand economics and was glad to have others handle economic issues. But when there were major issues such as price controls, an embargo on soybean exports,

and the 1973 oil crisis, Kissinger saw economic matters had great political impact, and he then became very active on these issues.

Q: I thought that Bob Hormats replaced Fred.

BUSHNELL: Fred was the senior person until sometime in l972. I believe Ernie Johnston was still there and was then senior until Chuck Cooper took over the office in the spring of 1973.

Q: He left some time right about then.

BUSHNELL: Soon after Chuck Cooper replaced Fred Bergsten, I switched over to that office. When I started back to work at the NSC in April 1971, the Indonesian job was essentially completed. Although I had a watching brief to see that the President's decisions were implemented, that did not take much time. What took most of my time was the re-equipping of the Vietnamese military, so that they could do more, and eventually all, the fighting. I also dealt with intelligence; I set up an analytical system. We had maps showing each of the provinces of South Vietnam. Using various indicators, we did a monthly review of the situation which went to Kissinger and the President. We were basically trying to win the war, province by province. We developed a model of the South Vietnamese force structure and a list of the forces which were the most efficient, so that one could try to make the best use of them. Doing that job absorbed most of my time into 1972. Of course, during this time, unbeknownst to me, Kissinger was already involved in secret talks with the North Vietnamese. He would go to Paris to meet with them.

Q: So what were the principal issues you were working on?

BUSHNELL: I was working at first on military intelligence and military assistance and then on economic matters. In terms of the military, I was not involved in following what US troops were doing on the battlefield but in trying to equip the South Vietnamese military

forces so that they could discharge their responsibilities. I did attend frequent briefing which covered all aspects of the military situation.

Q: Presumably, you had to go to Saigon to see the situation on the ground.

BUSHNELL: Oh, yes, I made numerous trips to Saigon. The first trip was in July, 1971. On that first trip I went by myself. I tried to take some home leave, which I was entitled to, in California, where my parents lived. I took my family with me to California and, after a few days leave, I left them there and continued on to Saigon. I spent about 10 days in Saigon and then came back and had a few more days' leave in California.

Q: So tell us about your mission in Saigon. Whom did you see, what did you do, what did you observe, and what were your conclusions? I take it that this was the first of several trips.

BUSHNELL: Yes. In Saigon I spent most of my time in the Embassy and at MACV [Military Assistance Command, Vietnam], talking to people.

Q: Who was the Ambassador?

BUSHNELL: The Ambassador was Ellsworth Bunker.

Q: You had known Bunker from your time in the Dominican Republic.

BUSHNELL: Yes. Kissinger sent a message, which I drafted, to Bunker indicating I would be coming out and urging I be educated on several things. A Colonel, who was assigned to Ambassador Bunker, took care of me and handled my logistical needs. He arranged for me to call on Ambassador Bunker the first day I was there. I think this Colonel was absolutely flabbergasted because, when the two of us walked into Bunker's office, the Ambassador looked up from his desk and said: “John, it's about time you got on board for some real work!” I spent quite a bit of time talking to Bunker. As you say, I had known him well previously. Ambassador Bunker had an excellent overview of the situation.

Of course, and this was no secret at this point, what really drove policy was Bunker's monthly cable on the situation to President Nixon. The cable went through the Secretary of State and then to the President. The cables in this series were fairly long. In them Ambassador Bunker dealt with those issues and developments which he considered of special importance and those matters needing Washington attention. He did a masterful job of integrating different matters together.

Q: Did Ambassador Bunker draft this series of cables mostly himself, or did members of his staff prepare drafts, and he restructured them, or...

BUSHNELL: It was a combination. Basically, he drafted the final product, but various people in the Embassy and in our military prepared pieces to go into it. I read these reports for years. There was an occasional paragraph which one could see had been excerpted from a cable or paper prepared by someone else. Generally, this monthly report was prepared as though Bunker were speaking to the President. He took whatever inputs he got and added to them. I never saw too much of that process in Saigon.

Q: Who were the principal people in the Embassy who would have contributed to this cable?

BUSHNELL: Oh, I don't remember. Most of my time was spent with the US military officers, not with the Embassy. The only part of the Embassy where I spent a considerable amount of time was in the Economic Section, headed by Chuck Cooper who was the Minister for Economic Affairs.

Q: Cooper was in Saigon at that time?

BUSHNELL: He was the Minister for Economic Affairs. Ambassador Bunker had brought him to Saigon.

Q: Hadn't Cooper been working for RAND [Research and Development Corporation, a private research organization which had contracts with the federal government]?

BUSHNELL: Yes. Bunker had recruited him after he had done some Rand work on Vietnam. He was the Economics Minister, and he was trying to develop reasonable economic policies with the South Vietnamese. He had a large State Department staff and a much bigger AID [Agency for International Development] Mission, a gigantic AID Mission. This was another element where I spent a lot of time. Bunker and Cooper convinced me that the U.S. needed to do much more to develop a viable economy in South Vietnam. This became my big issue. It was not sufficient to train and equip the Vietnamese military; without a strong economy to support the military, the South would not be able to defend itself.

The South Vietnamese economy could produce some things for the military, both their's and our's, and I worked to change policies so the U.S. was prepared to buy as much as possible in the South Vietnamese economy. For years we bought a lot of services from the South Vietnamese economy, but we bought almost nothing in terms of material or equipment from the South Vietnamese economy. They could produce uniforms and all kinds of other things, including simple equipment. There were factories that produced these things, but there was no system for us to buy things from the South Vietnamese economy. We bought almost everything through the military system in the United States. I pushed the idea of buying from the South Vietnamese economy. Ambassador Bunker raised this idea with the President in his cables. The President endorsed it. The military assigned Brigadier General Wickham in MACV to follow up. General Wickham, who went on to become NATO [North Atlantic Treaty Organization] commander in Europe, was an up and coming general officer who was assigned this task of finding places where the military could buy materiel and equipment in South Vietnam and make this system work and quickly. He could get people out there to follow up. He had a big staff and really dug into this matter. I spent a lot of time with him on all my subsequent trips to Saigon and also

worked with him when he would visit Washington. Of course he had many problems with the military bureaucracy. Often I could help cut through these problems, particularly by getting my colleagues at OMB to talk with Defense or issue budget instructions.

I am getting far beyond my first visit. When I got to Saigon, Bill Colby [later Director of the CIA] was still there, but I do not recall whether I saw him on the first or on some subsequent visit. My recollection of trips to Vietnam is dazed. First, I suffered from the time change.

Q: Saigon is halfway around the world from Washington.

BUSHNELL: All of my trips were fairly short; I never really got acclimatized. Then, of course, since I was assigned to the NSC, my work schedule was absolutely packed every day, from breakfast through the evening. I just went from one appointment to another. I had a dozen or two dozen issues that I was looking at. I went from one thing to another, and people became a blur. There were all of these military people, and we had all of these Province Senior Advisers [coordinators of activities] in the various provinces. Most, but not all, of the Province Senior Advisers were military officers. There were also Deputy Province Senior Advisers, who were usually civilians. They made reports, which were put into a system. I spent a lot of my time on this because of the province maps which we prepared for the President. I wanted to see how they were preparing their situation and incident reports, based on what criteria, and how confident they were in their evaluations. They had perfected these military dog and pony shows [briefings, with audiovisual support] which were translated onto charts until the cows came home. The purpose of all of this was to try and make some sense of the situation.

Q: Could you basically summarize what impressions you obtained, recognizing that there was beginning to be a great controversy in the U.S. over all of this?

BUSHNELL: It wasn't beginning. The controversies had been going on for at least a few years.

Q: But what impressions did you have about the whole Vietnam “mess”?

BUSHNELL: By the time I got involved with South Vietnam in April, 1971, the basic decision had been made by President Nixon that we were going to pull out of the country, gradually, and turn the situation over to the South Vietnamese. As a result, we were downsizing our military effort, and that decision had already been made. The main policy questions were how fast could we withdraw troops and what economic and military assistance should we give South Vietnam to allow the South Vietnamese to win the war, while reducing the US presence. Thus essentially the parameters of the policy were set. Although there was great controversy about whether we should pull troops out of South Vietnam immediately, it wasn't as though the issue itself was undecided. There were times when we accelerated this process by attempting to disrupt the North's logistics. Bombing would be extended to additional areas as well as other military measures. However, these apparent escalations were still in the context of moving our forces out. When I first visited South Vietnam, we still had the power to negotiate with Hanoi. Saigon was a dynamic, bustling city. There were real problems involved in moving around the country, although there were still a lot of Americans there. The South Vietnamese economy was doing reasonably well.

Initially, I visited IV Corps, which included the Mekong Delta area South of Saigon - the rice basket of the country. Most of my later trips to South Vietnam took place in a different context. During my first trip I went out on my own and set my own agenda. It was generally a get acquainted program.

Q: How many trips did you make to South Vietnam?

BUSHNELL: I made nearly a dozen trips to South Vietnam.

Q: From the summer of 1971 to...

BUSHNELL: My last trip was in the first half of 1974. Thus I visited over a three year period. I was going to South Vietnam almost every other month in 1972. When Kissinger was in Paris, negotiating with the North Vietnamese, he would send General Al Haig, who was his Deputy National Security Adviser, to hold the hand of the South Vietnamese, so they would be able to understand what we were doing in Paris. I would go with Haig on his trips to South Vietnam. This was a good way to go, because he had his own Air Force plane, and the logistics of this kind of travel were easier. I reached the point where I could get a lot of sleep on these flights, Haig permitting.

Haig was a real work horse on these trips. We would generally work a full day in Washington. Then, about 7:00 PM, we would go to Andrews Air Force Base, get into a KC-135 jet [military version of the Boeing 707], take off and have dinner on board. Then we would have a meeting with Haig to plan the program we would follow in South Vietnam and what each of us would try to accomplish. We generally didn't have time to do the preparation before we left the office. We would review whatever we were planning to do, develop talking points, and discuss where each of us would go. If we were lucky, we would finish that meeting by, say, 11:00 PM, Washington time, when we could go to sleep. The aircraft had bunks, so we could actually sleep. Once I actually slept through a landing and takeoff in Alaska on the way to Saigon. Thus we had a fair chance of arriving in Saigon reasonably rested even if our body clock was 12 hours behind local time.

We would usually be in Saigon for two days. Then Haig would go North to the border area and look at the military situation with our troops there. That was where most of our troops were stationed. I would go South and look at the economic situation and see how things were going in the Delta. That's where most of the South Vietnamese industry and agriculture were located. MACV would provide a helicopter to fly me around. Other people on the Mission would visit other areas, often in connection with various counterinsurgency issues, especially near the Cambodian border. Then we would all fly back to Washington.

Usually the trip was little more than a long weekend; almost always they were over weekends.

One humorous note. My brother-in-law, who was an FBI [Federal Bureau of Investigations] agent in New York, was known to have a few beers on a Saturday. Often, if we arrived for a visit on Saturday afternoon, Bob would not be home. His wife would say, “He's gone to the Glenview,” the local pub. He came with his family to visit my family over a weekend. They arrived at our house and were told: “John is not here. He's gone to Saigon. He left on Friday night and will be back on Tuesday.” My brother-in-law said: “Well, that's the damndest thing I ever heard! My wife keeps complaining when I go to the Glenview for a few hours. Here John goes to Saigon for the whole weekend!” [Laughter] I made a half dozen long-weekend trips to Saigon when I was assigned to the NSC staff. Most of these trips were secret; we did not even learn of them until a couple of days before and could tell our families only the minimum.

Q: Did you participate in Haig's meetings with senior South Vietnamese officials?

BUSHNELL: Generally not. I did my thing, and that was more than enough to occupy my time. For example, I never went to see President Nguyen van Thieu. When Ambassador Bunker and Al Haig called on South Vietnamese officials, they was generally accompanied by John Holdridge from the NSC staff. I usually met with the Economics Minister and other senior Vietnamese economic officials, usually with Chick Cooper and some AID officers. In the Delta I met with the senior political, military, and economic Vietnamese as well as with our advisors.

Q: But you did get fairly well acquainted with the situation in Saigon during this period?

BUSHNELL: I attended the meetings on the plane going to Saigon and many other meetings. Little time at those meetings was spent on issues I was concerned with. Senior NSC people didn't really care about the details of what I was doing. Haig wanted a strong economy and the right mix of military assistance, but he did not have time for the details.

If I needed help, he was always prepared to make a phone call or send a memo. Most of the time on the plane was spent in preparing Al Haig for his calls in Saigon. These preparatory meetings gave me an insight into the things that were going on in Saigon and in the Paris negotiations. When I was in Washington, I wasn't as much involved with the political issues.

Q: So you were concerned to some extent in the issues Al Haig was handling in Saigon and a little bit more about the matters you were concerned with.

BUSHNELL: The big issues Al Haig handled involved trying to convince the South Vietnamese Government that we weren't going to sell them out when we dealt with Hanoi. However, at the same time, he emphasized the South Vietnamese had to be serious about pulling their own weight. This was the line that had to be emphasized. The South Vietnamese had to control their corrupt bureaucracy, and they had to get serious about their programs to draft people and train and equip them properly for the Vietnamese Army. There was a whole series of things that the South Vietnamese needed to do better than they were doing to get their own act together, as Haig put it. But we needed to avoid pushing them so hard that we would seem not to be fully behind them. We needed to leave their pride intact.

Haig had an additional set of issues regarding South Vietnam which, at first, I was not involved in, although I became very involved in later on. These dealt with the rate and nature of the withdrawal of US forces from South Vietnam. He had to consider which military forces would come out and how many of them, and when. This could create tensions among the commanders in South Vietnam. The commanders always wanted more, not fewer, forces. In my experience all military commanders always want more forces. Certainly, there were things to do and places where we were not adequately staffed. However, the main thrust of our efforts at this point was to withdraw our forces. There were great tensions between withdrawing logistical support people and bringing home front line troops. The great majority of our forces in Vietnam were always support.

Haig's view was that we should really cut back on the logistical tail, leaving our combat forces in South Vietnam to do their job. Our military didn't seem to know how to cut back on our logistical forces. At the time President Nixon was deciding how rapidly our forces in South Vietnam should be drawn down.

About every three months the Department of Defense presented a paper which basically gave the President three options on our force size in Vietnam. These options were usually increase our forces, keep them at the same level, or reduce them a little bit. These were not real options as far as the NSC staff was concerned. I was assigned the task of preparing real options. That was very difficult to do because it was hard to get real cooperation from the Pentagon in terms of what the real priorities were and what could be achieved. Kissinger didn't want the President to say: “Pull out 50,000 troops” and stop at that. Kissinger's staff was concerned about withdrawing front line divisions, as the logistics people wanted to do. What Kissinger wanted to do was to withdraw logistics people as much as possible while keeping the fighting forces.

We finally came to drafting National Security Decision Memoranda which would say we would withdraw this or that quartermaster detachment or close this hospital or that aircraft maintenance shop in order to direct the withdrawal in a way that we thought it should be directed. I did most of this staff work. I found this very difficult because it required so much work to find out just what various units did. I had detailed print outs on what units were assigned to South Vietnam. Then the question was what some of these people did.

Q: Was that what you were trying to do when you were on one of your trips to South Vietnam?

BUSHNELL: No. It was never very important on these trips. I remember getting some of the information on duties of various units when I was in South Vietnam, but that was really never my central focus. I was doing this force planning in Washington.

Q: What was the quality of military intelligence? You were plugged into it, I assume.

BUSHNELL: Yes. The intelligence on military targets was good. The problem was that basically we were fighting a guerrilla war. It wasn't a matter of one army fighting against another army.

Q: It was like the American Revolution.

BUSHNELL: Something like that. Even troops that came from North Vietnam didn't necessarily operate in large groups. At times they would go into action as squads, which would try to recruit new troops.

Q: Essentially, it was a godawful, political mess which we construed as communism versus something else. However, it was really a very complex political, military, cultural, social, and ideological problem. It was all mixed together, and you can't categorize those things in purely military terms.

BUSHNELL: It was an awkward situation for us to deal with because our military is pretty good if the target is another military force. Find their tanks, their planes, and their troops and attack them. That's what our military knows how to do.

Q: I've been reading John Keegan's “History of Warfare,” which goes way back to the earliest, neolithic societies. The thing is that the nature of warfare has constantly evolved, and it has always been different in different areas and at different times. I think that for the military people currently serving it is a question of trying to apply the lessons of the past to the present situation.

BUSHNELL: Really, it wasn't so much applying the lessons of the past. Rather, our military tried to apply the structures, skills, and equipment which they had.

Q: Which were designed to meet the problems of the past.

BUSHNELL: Yes. They certainly were not well designed to meet the sort of enemy they encountered in Vietnam.

Q: Again, I don't think that any military force can do that.

BUSHNELL: It wasn't really the military aspects of the situation which were the problem. There were times when North Vietnamese military divisions invaded South Vietnam. There were times when there were fairly large scale, military battles in Vietnam. Against that sort of thing I think our military was pretty good.

Our intelligence apparatus, whether military or civilian, was weaker. This was a guerrilla war which, in effect, went on in virtually every hamlet in South Vietnam. In any given hamlet there were some people who were somewhat sympathetic toward the communist side or somewhat against the existing government or power structure. The mix was different in each hamlet. Some hamlets would fight against the Viet Cong. In other neighboring hamlets people would give the communist forces food and shelter if they came through. Support for the Vietcong varied not only from hamlet to hamlet but also from time to time. Some might be willing to do something for the communist side if they were sure that they could get away with it. If it looked as if the communists were gaining strength in the area, they might help them. If the communists weren't gaining in strength, they might not be willing to help them. Essentially, each Vietnamese family was trying to figure out how to survive. The struggle had been going on for years in many ways.

Q: Or at least for a number of years.

BUSHNELL: In the long course of history the tendency was for the more dominant culture and power from North Vietnam to have a great impact in the South. Often, this meant that North Vietnamese forces moved into South Vietnam, and even into Cambodia and Thailand. There were also many people who favored the communists and who had been in South Vietnam for a long time. Ideology was only one of the factors in the Vietnamese

struggles. It is an agricultural society, and there was a continual battle for land, especially fertile land where rice could be grown. In the mountains the local residents, acting sort like tribes, either fought to retain their land or struck deals with one side or the other; quite a few threw their future in with us when out troops were in the area, but they had to consider other alliances once our troops departed. We found it hard to convince the government in Saigon of the necessity to provide real support to these mountain peoples.

The Mekong Delta, which includes the most southern provinces in Vietnam, is a very rich agricultural area. Rice, in particular, can be grown there fairly easily; two or even three crops a year. Then, for a thousand miles to the North of the Mekong Delta, people have to try to scratch a living out of the land. The soils are often poor, and the area is not always well watered. Maybe there are a few areas that are fairly good. However, it was often difficult to grow food crops in these places. You have to recognize that this was a basically agricultural society. Thus the tendency was for people from this thousand miles to the north of the Delta to move to the Delta and take over areas where it was easy to make a living. Some from the north had lived in the Delta for generations. The people who live in these southernmost provinces have good crops almost every year. They are not faced with as many challenges as people in other areas were. I guess that is why they became soft, as many in Saigon put it, and therefore were easy prey for people from North Vietnam.

Q: These people are not really military people.

BUSHNELL: No. And military intelligence didn't really deal well with this situation.

Q: How about the people who worked for the CIA [Central Intelligence Agency]? Did you become aware of what they were doing? What was your impression of them?

BUSHNELL: There were a lot of them in South Vietnam.

Q: One of their problems was that there were too many of them.

BUSHNELL: I don't know whether there were too many CIA people in South Vietnam or not. I don't think it took any genius to figure out that the military didn't know the Vietnamese culture and the Vietnamese language very well. The military found it hard to fight this kind of war. Often, our forces didn't know who the enemy was. That's why we had incidents like the one at Mi Lai. The enemy turned out to be the bus boy or the kid who was shining your shoes. A couple of the senior economic officials with whom I worked turned out to have been Vietcong all along; one I remember as quite a good economist who seemed to support what we were pushing to strengthen the South Vietnamese government. When you don't know who the enemy is, things become very difficult. When you move from one place to another, you don't know who may attack you. When somebody sticks his head up, you don't know whether you should shoot him or not. If you don't shoot him, he may shoot you. This was a difficult situation for our military to be in. There was a broad recognition of this situation, and that's why we tried to use intelligence people to try to sort this out. However, CIA didn't have the resources to handle this problem. I think there were no resources in the United States to handle this problem. We were too culturally and linguistically limited to handle it.

Q: Of course, I think that we never should have gotten involved in South Vietnam. However, that's another problem.

BUSHNELL: The intelligence people were able to develop sources of information, people who would sell them information. In some cases we got good information on where people were moving and where there were communist staging areas, for example. In a Vietnamese family struggling to survive someone was often available to sell information. They may have had some ideological reason, but maybe they didn't. It didn't matter. They may have sold honest or dishonest information. With the usual short America view, we would check out information for a few weeks or months and then determine this was a reliable source. The Vietcong, on the other hand, would often leave resources dormant for many years at a time.

Q: Exactly.

BUSHNELL: The intelligence people were sophisticated in some of the questions they asked. However, we never got to the point where we could really paint a comprehensive picture of what the situation was with any confidence. We had bits and pieces of information. That is why at the NSC we tried to develop a province evaluation system that was based more on statistics that could be measured, such as reported incidents, flows of refugees, market prices. However, I soon found that much of the data we used as supposedly actual measures were in fact just guesses prepared by province advisory teams or others at the end of each month.

Q: I think it was certainly up to the State Department or political and economic analysts in the Embassy in Saigon to evaluate this situation. Their judgment should have been sought and relied upon. What was the quality of our work there?

BUSHNELL: By the time I got into it, I think some of the people in our military and in the Embassy had really stopped trying. That's the impression I had.

Q: I think so, too.

BUSHNELL: They tended to report on what the high muckety mucks were doing in Saigon. Of course, there were a lot of State Department officers in South Vietnam. That's because we had people out in all of the provinces. What we were trying to do was to...

Q: Win the hearts and minds of the people.

BUSHNELL: Well, yes. That was the right thing to do. However, the situation was a bit different from what most people think of in terms of hearts and minds. What the State Department officers assigned to South Vietnam were trying to do was to get Vietnamese who were in power, that is, who were in charge of a province or part of a province (or for that matter the national government) to discuss with us what the real problems were, that

is, what was going on, and then try to deal with it and gain effective control. However, many senior Vietnamese province officials were not even from the province and did not themselves really understand the local forces at play. Sometimes their main interest was only to get funds or material. As you got down to officials in lower ranking positions, there were many people who were just trying to survive. It was hard to persuade these people to side with the Saigon Government, which was certainly no model of an honest or efficient government. In the Delta I tried to encourage tax schemes to provide support for the central government, but most farmers in the Delta were opposed to paying for the Saigon government. I think the Vietcong did a better job of raising funds in the Delta, but, of course, their tool was the threat of violence. Finally, we resorted to having the government buy most of the rice; it could then sell the rice in the cities at a considerably higher price and in effect collect taxes that way.

It was hard for State Department officers, let alone our military, to appreciate that we were dealing with people who were fantastically skilled at supporting both sides at the same time. A number of really hard core Viet Cong held positions under the Saigon Government. They would give the impression that they were the most dedicated people in the world, but they were 100% on the Viet Cong side, as we later found out.

Q: Exactly.

BUSHNELL: The war among the Vietnamese was a very long war. One of the great asymmetries was that we were always under great pressure to make it a short war. Americans wanted to finish it and go home. Whereas the Viet Cong view was that this was a very long war. It had already been a long war for them lasting generations. As a result, they could go for months or years at a time, lying low and doing nothing. I think the South Vietnamese also knew it would be a long war probably lasting beyond their lifetimes. This was one reason we found it so hard to get any urgency into South Vietnamese actions.

Q: I guess Vo Nguyen Giap [former North Vietnamese Army commander] will always be considered one of the great military geniuses. He understood the nature of this war better than we did.

BUSHNELL: I'm not sure one had to be all of that much of a genius to understand it. I think there were quite a few people in the Government, like Henry Kissinger, who came to understand the nature of the war. He understood it and was able actually to influence it. Most Americans dealing with Vietnam were much more constrained in what they could do. Even for those who would go out to a province and develop a pretty decent understanding of the situation, it wasn't clear, in that culture, how they could change things. To people who wanted to have a foot in each camp there was nothing decisive about the situation. There was no clear reason why they should take their foot out of the other camp.

Q: We can discuss all of these things, which is old stuff. How about our AID [Agency for International Development] programs?

BUSHNELL: AID was traumatized by the situation in Vietnam.

Q: It's just not the kind of situation where an aid program really makes much sense.

BUSHNELL: It's hard. The situation in South Vietnam did not fit the normal pattern of AID activity. AID would go into a province and teach people how to handle health oriented projects and how to implement health programs. By most criteria, AID handled this sort of program fairly well. However, the AID people did it by the numbers, that is, mechanically. There was nothing wrong with the health projects implemented by AID. They were just as good as any other health projects handled by AID elsewhere in the world. But AID exercised no control over the system. After prolonged efforts by AID, government officials, and the people who were assisting them to build a health clinic, there might never be a doctor or a nurse available to work there. There would be a building, but that's frequently all that there was. In fact, the result was often a big minus, in my view, because, when

people saw this building being constructed, they thought that they might get some health services out of it. When they didn't get improved health services, they would feel that they had been let down. AID usually takes a long view, but in Vietnam most AID people were as eager to go home as everyone else. Some AID people told me it would take decades to bring about real change in the economy, but no one in Washington wanted to hear about such basic programs.

I spent much time with Chuck Cooper [Minister for Economic Affairs in the Embassy in Saigon] who was responsible for large amounts of AID money supporting the Vietnamese economy through the Vietnamese Commercial Import Program [CIP]. Through this program we provided all kinds of imports which were sold in the commercial market and the government could then use the funds obtained for the war and development efforts. We were, of course, involved in trying to eliminate corruption and administer the money committed to Vietnamese programs properly. Problems like corruption were always hard to handle.

Q: Did you actually have a hand in determining how the appropriation requests were structured?

BUSHNELL: Yes, that was part of my job, on the economic side.

Q: Did you have flexibility there? Was there scope for imaginative recommendations?

BUSHNELL: Generally, what we would get through the regular bureaucratic process would be too little money for Vietnam. President Nixon wasn't prepared to increase the total of aid worldwide. If we needed more money for Vietnam (as we regularly did), we had to obtain it by reprogramming from wherever we could. I became sort of a scrounger. Where I could identify an AID program that was not moving on schedule or where the political priority had been reduced, I would work with OMB and AID management to reprogram for Vietnam or Cambodia for which I also had responsibility. I was continually trying to capture money from every place I could find in the world to put it in Vietnam. The same problems

arose in the budget process. AID would ask for too little money for Vietnam expecting that the White House would increase it and thus increase the AID request in total. I would work with OMB to find places to cut the request to increase Vietnam within the same, or a smaller, total request. The Government in Saigon would ask for more money every time we reduced our forces or it looked like we might be reaching an agreement with the North. Thus in some respects increasing economic assistance became almost a part of the peace negotiations. Personally I hated to see good AID programs cut to fund Vietnam, and I was often able to defend a good program. I was surprised how many weak AID programs there were when I became engaged in this scrounging.

Q: Did you have to figure out some way of diverting funds that should have gone to AID programs in Latin America, for example?

BUSHNELL: The Bureau of Latin American Affairs didn't have much money at that time. What was available was not in the supporting assistance category. The toughest fights were with programs dealing with the Middle East, which were substantial. What happened on the budget was that, finally, at the end of the budget cycle in December, say on New Years Day, I would have to be in the office and write an option paper for the President to decide whether he would fund Vietnam programs at the levels we wanted and, if so, where would the funds be taken from. He always approved the full amount for Vietnam. These option memos were hard. There were strong arguments for some of the Middle Eastern programs, including domestic political arguments. However, they were the only sources where the amount of money we needed for Vietnam could be found. Kissinger would make clear to the regional NSC staff that they should help me find funds in the programs for their countries, so my personal relationships around the NSC staff were not complicated. OMB also received guidance from Kissinger and, I suspect, the President, so OMB officers were solid allies. After awhile many people in State and AID would not talk to me about assistance programs because they identified me as a threat.

Q: You mean that the NSC [National Security Council] staff actually got into that process? I would have assumed that this would be handled by AID or the OMB [Office of Management and Budget].

BUSHNELL: OMB was quite helpful. Technically, OMB would prepare the main memorandum for the President dealing with the foreign assistance budget. I would work with OMB to get the Vietnam programs as high as possible. In fact, they were quite effective in scraping up money from various programs which were fairly marginal or questionable. Typically, if we needed an additional amount, say, $450 million, to take an arbitrary figure, the bureaucracy would agree on about $250 million. Then OMB would prepare a memorandum and add an additional $50 or $75 million to the recommendation. Then, when they sent their memo through Ken Dam, or whoever it was, Kissinger would sign a memo which I would draft. This would say, in effect, that even OMB is short of recommending the amount needed and suggest a couple of options to reach the target amount.

Q: This is Side B of Tape 8 of the interview with John A. Bushnell. What kind of recommendation would you make?

BUSHNELL: There were several rounds in this process. I don't think we ever recommended increasing the total amount of the budget for AID or PL 480 [surplus agricultural commodities]. If we were going to increase the OMB mark for Vietnam or Cambodia, we had to obtain the funds from somewhere else. In effect, we had to say where we would reduce the budget elsewhere. Sometimes we would wind up with some arbitrary figures, say, taking $50 million from Latin America and $50 million from African programs. We would leave it to others to figure out how to allocate these total cuts among the various countries. Sometimes my colleagues at the NSC would give me indications of where to regenerate funds. Kissinger would then approve this.

Q: What did you think of the USIA [United States Information Agency] program?

BUSHNELL: I don't recall having anything to do with that in Vietnam or with the worldwide effort to build support for our Vietnam policy. I was vaguely aware that part of the public affairs effort involved trying to persuade the Vietnamese Government in Saigon to act like a democratic government that wanted to be supported by all of its people. Instead, some people who worked for the Vietnamese Government often acted like little dictators. They ran things and used the structure of the government to keep the benefits largely for themselves. Part of the problem was that we tried to use public affairs, broadly speaking and beyond what USIS [United States Information Service] was doing, to try to build support for the Vietnamese Government. In effect, we were trying to do their job for them. I don't think that we were very effective at doing this, but I didn't have much exposure to this effort. I know some of my colleagues on the NSC staff regarded all of this as a tremendous waste of time and money.

Q: As long as Ambassador Ellsworth Bunker was there, he was central to everything, right?

BUSHNELL: He was central to anything within Vietnam that might be described as a big issue or big decision. However, an awful lot of things went on without his knowledge, especially in the military and intelligence areas. The scope of the Embassy's activities was so immense. Very little went on that he was actually opposed to. Of course Kissinger was in control of the negotiations with the North. Washington decided big military issues such as the bombing of Hanoi.

Q: Of course, President Johnson wanted personally to control too many things himself, which was insane. That was before you worked on South Vietnam.

BUSHNELL: Kissinger had a broad, strategic overview. He was able to take everything into account without getting into the details except where his staff showed him details that were interfering with what he wanted to do. However, when he got into detailed problems,

for example, of redeploying forces in South Vietnam or bringing our troops home, he was quite capable of handling complex issues and even making them seem simple.

Q: It's easier to get into a war than it is to get out of it.

BUSHNELL: That's right, even from the logistical aspects alone. One of the continuing battles I had was that logistical lead times were too long to meet NSC targets for drawing down forces. The logistical tail is so long it takes months and months to ship out equipment and forces, get rid of a facility, and deal with all of the other things associated with the withdrawal. A year after you begin a withdrawal of a unit you still have a lot of its people in country who are still engaged in the process of the withdrawal. That is very frustrating when you are trying to reduce the number of Americans in country without overly reducing fighting forces. I was continually pressing to reduce logistical personnel and units and turn these functions over to contractors or the Vietnamese. We knew that our forces were going down in numbers. The question came up: “Why didn't we stop sending out new equipment and material?” By the time you order material from the U.S. and put it into the pipeline, a year and a half goes by before it actually gets there.

Q: And we frequently need replacements.

BUSHNELL: Yes, but it still takes a year and a half. The problem was, since we were doing this withdrawal in three-month increments, we never knew what the situation was going to be twelve months later. The logistical structure of the armed forces at any given time seemed to be working on the basis that we had virtually the same force structure that we had had in South Vietnam a year and a half earlier. Thus equipment and supplies ordered long ago were being delivered, even if the units originally needing them were no longer in Vietnam. We knew the President wasn't going to stop the withdrawal, but the military acted like he might reverse course. Thus, a lot of stuff that had been ordered would be shipped to Vietnam and then would have to be re-packed and shipped back It took a lot of soldiers to do that.

Q: Wasn't it [name indistinct] who said that the way we could get out of Vietnam was by sending ships and planes out there to move the stores and equipment out.

BUSHNELL: That's true, but it's not what we did. The ships that went over were full of new supplies. It would have been easier for us to get out if we turned over to the South Vietnamese much of our equipment. This was generally what Kissinger and other people in the NSC thought we should do. The South Vietnamese were to replace us, so why not give them our equipment. Our military argued that the Vietnamese were not prepared to maintain, and in some cases use, our sophisticated equipment. Moreover, we did not want some things to be at risk of capture by the communists. Also in many cases there was no new equipment in the pipeline for the redeploying units. My problem was to sort out where the military had sound arguments and where they just didn't want to give something to the Vietnamese. It was a case by case struggle. Fortunately some military officers like General Wickham helped make sense of it.

Q: Did you meet Graham Martin [last Ambassador to the Republic of Vietnam] in Saigon?

BUSHNELL: Yes.

Q: Do you recall the circumstances under which you met him?

BUSHNELL: The first time I met him was at the NSC [National Security Council] in Washington, as he was preparing to go to South Vietnam. Ambassador Ellsworth Bunker had had an official airplane which was provided for him in Saigon in part to travel to and from Nepal to visit his wife, Ambassador Carol Laise [who was Ambassador to Nepal during part of the time that Ambassador Bunker was Ambassador to the Republic of Vietnam]. Ambassador Martin decided he wanted to have an airplane dedicated for his use and asked the NSC to arrange it. There was quite a humorous discussion about where he might want to visit at one staff meeting. I think Brent Scowcroft was the Deputy National Security Adviser to President Nixon by that time. He said: “No. We gave Ambassador

Bunker a plane because the President really wanted to keep him in Saigon far longer than one could expect someone to serve, but now we are phasing down." However, it was finally decided that the Air Force would provide a Special Missions plane to fly Ambassador Martin out to Saigon when he first went to post. He would arrive in the big aircraft marked United States of America, even though it would not stay in Saigon at his disposition after that.

Phil Odeen, who had replaced Wayne Smith, said to me: "It's just about time for you to go to Saigon. You can fly out there with Ambassador Martin." I said: "Fine." I called up the State Department, said I needed to go to Saigon, and asked if I could go out on Ambassador Martin's plane. I was told Ambassador Martin was not taking any passengers on his Special Missions aircraft; there were many people who wanted to fly to Saigon with him, especially those who were on recreation leave in the States, so the Ambassador was solving the problem of choosing by not taking anyone even those on official business. I told Brent Scowcroft, and he said: "I arranged for the plane for Martin. Consider yourself on that flight." The same State Dept desk officer later called me and said: "John, you've done it again! You're on the plane." I went to Andrews Air Force Base at the appointed hour. Ambassador Martin was traveling with two staff aides and his dog. There were only the four of us, not counting the dog, on a 707 aircraft, and there were not the several hours of work I was accustomed to when traveling with Al Haig.. We flew first to Honolulu, to CINCPAC. Ambassador Martin spent some time with CINCPAC [Commander in Chief, Pacific], but I didn't sit in on his meeting. I don't think he wanted me there, and I got a lot done with the staff relevant to my work.

Ambassador Martin had a fairly distant manner. I never got to know him well. I had worked day and night for weeks with Ambassador Bunker in the Dominican Republic so I had a long standing close relationship with him. He was a very warm individual. I only had a few trips to Saigon while Ambassador Martin was there. I never established the kind of

relationship with him that I had had with Ambassador Bunker, who always wanted to sit down and talk about serious matters.

Q: I don't think anyone had a close, personal relationship with Graham Martin. I knew him fairly well in Bangkok. Did you have any particular impression as to how Ambassador Martin operated?

BUSHNELL: By the time Ambassador Martin went to Saigon in mid-1973 as chief of mission, our military withdrawal was completed. Our policies were really pretty well established. There were only details of economic and military assistance to the South to be worked out. At this point I don't recall reading any Martin to the President cables. I think he operated like other State Department chiefs of mission. All aspects of our involvement in South Vietnam were being phased down. Wherever he looked, people were leaving. Also I was spending less and less time on Vietnam myself after the cease-fire and the withdrawal of the military.

Q: He had a fairly ignominious tour of duty in Saigon.

BUSHNELL: The end for South Vietnam came quicker than anybody that I know expected.

Q: Do you have any further comments on Vietnam?

BUSHNELL: I might add one footnote — an unusual experiences I had in December of 1972 when President Nixon decided to resume bombing of Hanoi. The purpose of the bombing was, of course, to pressure the North to reach agreement at the peace talks. However, in preparing for the NSC meeting on resumed bombing, potential targets had to be chosen. Phil Odeen, a military officer on the NSC staff, and myself spent several hours in the Pentagon targeting center. It was easy to agree to avoid targets close to prisoner camps, but there was then a lot of disagreement on what to hit. Kissinger had instructed us to choose targets that would really get the attention of the leadership. The military seemed to prefer targets that might disrupt the supply of materials to the South. Of

course, in North Vietnam it is hard to identify many really lucrative targets. They weren't an industrialized society. They didn't have ball bearing factories, and what factories they had were dispersed. Thus the selection of targets was difficult. We drew up a paper with a few agreed targets and two or three sets of potential additions for the NSC principals to consider.

Q: Was this in December, 1973 — the Christmas bombing of Hanoi and Haiphong?.

BUSHNELL: No. It was l972. The bombing lasted 12 days. Most of the targets selected in the NSC meeting were hit. Peace talks resumed. On January 27, l973 the cease-fire agreement was signed. I didn't attend the NSC meeting at which the decision was made on which targets to attack. However, later the same day or the next day I departed with Haig and a few others on another secret mission to Saigon. This trip we flew first to Hawaii. Then, after a visit of a couple hours with CINCPAC, we took the shortest route to Saigon, which required a refueling stop in Guam, which was where the B-52 bombers were stationed. We arrived in Guam, and Al Haig was able to make an appearance at the final briefing for the pilots who would initiate the bombing of Hanoi. We saw the air crews get into their planes and saw them take off. Very seldom do diplomatic officers participate in such strategic decision-making and then see the decision being implemented. Watching these B-52s take off gave me an eerie feeling. Almost as soon as they had taken off, we left for Saigon. The President and Kissinger thought these bombing raids on Hanoi and Haiphong were going to make a fantastic difference. They certainly brought Hanoi back to the negotiations in Paris, but I don't think that they made much of a difference to the situation in South Vietnam.

Q: You mentioned Phil Habib. You said that he was a good manager, but you didn't have too much opportunity to observe him in that capacity.

BUSHNELL: I think he was a good manager of people. He knew how to get people who could do the job into a position that suited their talents. He was also good at inter-

personal relationships. I didn't have much of an opportunity to observe how he managed an Embassy or a Bureau.

Q: You were in South Korea some 20 years after the Korean War [1950-1953]. That really was some time before we got the sense of the full South Korean economic miracle. Did you have any opportunity to sense what was happening in South Korea? Was there something very impressive going on in the economic field?

BUSHNELL: Yes, one of the main things I was looking at was force modernization. In other words, what sort of military modernization program could the South Korean economy support, both in terms of what it could finance and what equipment it could actually maintain or produce. I certainly did have the feeling that the South Korean economy was coming into its own in the industrial sector, although I would not have projected at the time it would do as well as it did during the following 20 years. However, I would have projected that it would do well.

Q: Did you have some sense as to why the South Korean economy was such an enormous success? By contrast with countries of Africa, for example, the South Korean performance was simply staggering. What special factors were present in South Korea which accounted for this difference?

BUSHNELL: One of the things which was clear in terms of force modernization was that the South Koreans had an educated population. All their troops could read and follow directions, unlike the situation in South Vietnam where a majority of the Vietnamese troops were functionally illiterate. People knew that they couldn't read and follow complicated directions which meant they really could not maintain complex machinery. However, the Koreans were educated and not much different in this respect from American troops. In fact, a part of this NSC exercise was that our military made some comparisons between the ability of American recruits to learn how to operate some complex weapons systems,

as compared to what Korean recruits could do. American and Korean recruits came out pretty much the same.

When they first did this study, one problem was that the directions had not been translated properly from English into Korean. That was corrected. This aspect of basic education and the value placed on education in the American and Korean societies was not just a matter of getting a degree. If I may go back to the Vietnamese comparison, it was important in Vietnam for the fairly small middle-class to get a high school diploma or even a university degree. However, in Vietnam the most important thing was to get the diploma or degree and not so much to have learned something. Whereas, with the Koreans, or at least this was the feeling I had, it was important to have learned something. Of course, it was also important to get the diploma or degree. In the military, in the government, and in the industrial complex in South Korea generally there was a tremendous, natural dedication, a patriotism, and a willingness to work hard. These were key factors making for rapid military modernization. They were the same factors which went into rapid industrialization and economic development.

Q: Also there was a massive capital infusion as a result of military involvement in South Korea. This reminds one of Walt Rostow's theory of massive injection of capital to make a big difference.

BUSHNELL: I'm not sure which comes first, the chicken or the egg. In the overwhelming majority of cases if you have people who are dedicated to producing results, they'll find the capital they need. In fact, the capital will tend to come to them. I don't think around the world putting in capital necessarily assures development. If you have the other factors of production available, you need capital. If, for some reason, you have no capital, development won't happen. However, I wouldn't put capital necessarily as a driving or leading force but rather as a following force that is very helpful and supportive of development.

Q: Did you take any other, overseas trips for the NSC?

BUSHNELL: Yes. I went to Europe many times in connection with the 1973 oil crisis. So far we've been talking primarily about my two and a half tough years in the NSC Office of Program Analysis.

Q: Before we go on to the economic side, were you involved in the opening to mainland China?

BUSHNELL: Not really. I had a glimpse of what was going on, but this was not an issue in which the Office of Program Analysis was involved. I didn't prepare any of the papers.

Q: Did you have any special insights into it?

BUSHNELL: From where I sat, I saw the opening to China as part of the Vietnam equation. It was only a part of it. There were other aspects of it, too. But it was helpful with the North Vietnamese because the Chinese were important to the North Vietnamese. The opening certainly made the North worry about their Chinese allies. Keep in mind that over the centuries the Chinese had traditionally been an enemy of the Vietnamese, often even invading them.

Q: Another question. Do you have any special knowledge as to why Tom Enders was chosen to go to Phnom Penh [Cambodia] as Charg# d'Affaires?

BUSHNELL: Yes. I hadn't known Tom Enders well, but I certainly knew of him. Strangely, this appointment came about because he took a job which Tony Solomon wanted me to take in 1965.

Q: What was that job?

BUSHNELL: Deputy Assistant Secretary for Monetary Affairs in the Bureau of Economic Affairs [EB]. Solomon wanted me to come back to Washington as an Office Director to

handle monetary affairs. At first Tony wanted me to be a DAS, but I was still an FSO-5, even an office director position was a double or triple stretch. I didn't want to go back to Washington at the time. I also thought his proposal of an arrangement as de facto Deputy Assistant Secretary would not work out well. He appointed Tom Enders, who was then an FSO-4, to that position. After a couple of years Enders moved up to be the Deputy Assistant Secretary. I first heard of Tom Enders when I came back to Washington and called on Tony Solomon. I saw Tom Enders a couple of times. Later Tom Enders went to Yugoslavia as DCM [Deputy Chief of Mission]. I'm kind of fuzzy on the details of Tom's assignment there, but he had a falling out with Ambassador Kenneth Keating, with whom he disagreed strongly on some issue. He was moved out of that job as DCM.

Tom Enders was in limbo for a time. We had just moved into a program of bombing and other actions to cut off supplies going through Cambodia from North Vietnam to South Vietnam to make it more feasible for the South Vietnamese to get their act together. Thus Cambodia was very important for Kissinger and the NSC. I forget why but we did not have an ambassador in Cambodia. The State Department sent over, in the normal way, the names of some candidates. Somebody indicated that these candidates were totally unsatisfactory. Kissinger wanted somebody who was a take charge sort of person who would get things done in a difficult situation. I was asked if State had any such people. It occurred to me that Tom Enders had just those qualifications. I suggested his name, and the next thing I knew, he was in Phnom Penh as Charg#. I did not even see him before he left, but I did visit him in Phnom Penh at least once.

Q: So that's how Henry Kissinger got acquainted with Enders. He later brought Enders in as Assistant Secretary of State for Economic Affairs when Kissinger became Secretary of State.

BUSHNELL: Yes. By that time Enders' tour in Cambodia was over. Before Enders was given that assignment to Cambodia, I don't think Henry Kissinger knew him.

Q: Enders' assignment to Phnom Penh was quite controversial. It raised hackles on the Hill [i. e., in Congress]. Do you know anything about that?

BUSHNELL: I know the whole question of Cambodian policy, in terms of how we would proceed and what we were doing there, was contentious. Those of us who worked in the Nixon administration saw that what we were doing was to facilitate our getting out of South Vietnam faster by trying to build a buffer zone in Cambodia. We thought this would give the South Vietnamese a better opportunity to develop their own defenses and, in particular, to bring an end to our troops' involvement in the war. Other people saw our Cambodian policy as involving an expansion of the war. One could look at the situation from either point of view. Our objective was mainly bombing the Ho Chi Minh Trail in Cambodia, which the Viet Cong were using as a main supply route to their cadre in central and southern Vietnam. I'm not sure how it developed, but Tom Enders was given a major role in targeting the bombing. The issue was to get the proper balance between what we wanted to do and to work with the Cambodians in such a way as to avoid antagonizing the government in Phnom Penh. This was the balance we were trying to achieve.

I only visited Phnom Penh three times. At least once Tom Enders was there. In many ways Phnom Penh was an extreme of the South Vietnam situation. The Cambodian Government was hardly a government and hardly even controlled its territory; its military was not an effective force.

Q: The Cambodian Government really consisted of one man, Prince Sihanouk.

BUSHNELL: There wasn't any real consensus on how to proceed. Cambodia was such a primitive society it was very difficult to implement any program. The Cambodians wanted us to help them form a military that could do something. In this case the concern of the military about the ability of the Cambodian Army actually to use equipment given it was certainly well-founded.

Q: Didn't you have something to do with the FBI [Federal Bureau of Investigations] when you were on the NSC staff?

BUSHNELL: Yes. Over the years there have been many attempts by the State Department and OMB [Office of Management and Budget] to control the tendency of many, if not virtually all, Government agencies to assign people overseas and to follow, at least to some extent, a little bit of their own foreign policy. There was an order issued by President Nixon that any additional overseas positions would require approval by the President and the NSC. I inherited the job of handling the implementation of that order in the NSC. Any request to station additional staff overseas had to go through the State Department and to have comments by the relevant Ambassador. State then forwarded the matter to the NSC with the backup information on why the agency wanted the staffing, the views of the Ambassador, and State views. Generally, this was not a contentious area.. During my tour these requests in total did not involve any considerable increase in the assignment of federal government employees overseas. My general approach, if a strong case was made to increase the assignment of staff in country A, would be to ask, for example, if the agency concerned could not reduce the staff assigned to country B. Quite often the agency would agree to reduce staff assigned elsewhere, and we wouldn't have to go any further into the matter.

The most contentious problem was with the FBI [Federal Bureau of Investigations], which wanted to assign Legal Attach#s in an additional six or eight countries. During World War II the FBI had assigned Legal Attach#s to many countries, and Legal Attach#s continue to be assigned to these countries. These assignments required staff personnel in addition to the Legal Attach#s themselves. The total number of persons involved was not large, but this proposal would be a big expansion in the Legal Attach# service around the world. The State Department was strongly opposed in principle to the increase in the number of people assigned to Legal Attach# offices. Most of the places where the FBI wanted to increase its staff were in Eastern Europe. The CIA [Central Intelligence Agency] was

opposed to this increase for the most part, except in one country. This meant that virtually all interested Government agencies, with the exception of the FBI itself, were opposed to this staff increase. I drafted a National Security Decision Memorandum which noted that most agencies were opposed to this staff increase. I set out two options, either to reject any of the staff increases or to approve only one increase.

In due course this memorandum went forward to President Nixon. There was never a formal NSC meeting on this proposed expansion of Legal Attach#s. Much to my surprise, a couple of weeks later the memorandum came back from the President with another option box added to it, which had been checked and duly signed. This added option approved everything proposed by the FBI. I assumed FBI had gotten to him and had twisted his arm to get approval for this expansion. It was only years later when oval office tapes were released that I learned J. Edgar Hoover had in effect blackmailed the President on this minor issue.

Q: Did you know anything at all about a proposal for the FBI to put wiretaps on the telephones of Morton Halperin and a few other people?

BUSHNELL: I did not deal with the FBI myself. I dealt with overseas staffing through the State Department. In fact, I don't think I ever dealt with anybody in the FBI, although I was cross examined by several men I did not know, as were most officers at the NSC, concerning leaks.

Q: In 1973 you were transferred to the economic side at the NSC. What led to that?

BUSHNELL: There were two things involved. One was that, partially at my suggestion, Chuck Cooper, who had been Minister for Economic Affairs in Saigon and with whom I had worked closely on economic matters, was brought back to the NSC by Kissinger to be the Deputy Assistant National Security Adviser for Economic Affairs. Chuck wanted me to work with him. It was clear Chuck Cooper had come back to the NSC in part to handle the economic part of the Southeast Asia function, which had been under the Office

of Program Analysis. Program Analysis was not particularly interested in Vietnam once our troops were out. Many of the other things I had been doing, such as intelligence and military planning, were slowing down. The province analysis work was over. Thus I didn't have nearly as much to do. I already had a new assignment. But in the spring of 1973 Chuck asked me to extend at the NSC and work for him. I agreed to do so provided State fully supported it. At this point I had worked for the NSC for over two years. I was due for another assignment. Early in 1973 I was assigned to the National War College. This assignment was to begin in August of 1973. I was delighted to attend the National War College.

I said I would be glad to work with Chuck or go to the War College, whatever State wanted me to do. Another negotiation went on, so to speak, between the NSC and the State Department. I didn't know the details. Someone from State's Office of Personnel asked me which assignment I really wanted. I said I would be quite happy to remain at the NSC, but assignment to the National War College was interesting and I would like to do that then or later. The personnel officer in the State Department said: “You know, you can always go to the National War College next year.” I was told State agreed to extend me at the NSC for another year, and I went to work for Chuck.

Ann was surprised to receive a phone call early one morning in August, 1973, soon after I left the house. The man said: “Where is Mr. Bushnell. This is at the National War College, and he is supposed to be here.” Apparently, no one had told them that I wasn't coming to the National War College. Ann gave them my phone at work and called me, so I was prepared to explain to the National War College what had happened, adding the comment that I hoped to be there the next year.

Q: That was in 1973? That was the year when oil prices quadrupled, sending shock waves throughout the world economy.

BUSHNELL: That was the issue that dominated my year after October 1973 when war broke out between Israel and the Arab countries and the Arabs cut oil production. The surge in oil prices was a very big issue in the NSC [National Security Council]. There was obviously an interface between the political, the economic, and the geopolitical aspects of this problem. Kissinger devoted a lot of time personally to this set of problems chairing frequent NSC meeting. Many working groups were created including a couple chaired by Cooper. President Nixon was certainly interested in this issue, although I don't know how much time he spent on it given the other things going on during his last year in the Presidency. For some time during the fall of 1973 and the first part of 1974 oil and related issues took up almost all of my time.

I recall one weekend during that fall when a mission was about to go to Saudi Arabia to try to get the Saudis to exercise a moderating influence within OPEC [Organization of Petroleum Exporting Countries] with regard to oil production and price. I was assigned to prepare talking points to explain why it was in the Saudi Arabian interest to reduce the oil price. I spent the whole weekend doing that. First, I did a four-page paper containing a summary of all of the arguments I could think of. Kissinger rejected that paper and said better and more detailed arguments were needed because the Saudis weren't going to be easy to convince. I expanded the better arguments to include several lesions in elementary economics. Eventually, we convinced the Saudis they should help us moderate the price of oil. For the long term they were sitting on an awful lot of oil. By putting up the price of oil in the short term, they were not serving their long term interests. High prices would discourage consumption and promote the expansion of other energy sources including oil outside OPEC; a period of high oil prices would then be followed by a long period of low oil prices. This argument eventually carried the day, once the Saudis realized they did not need so much money in the short-term but a long period of low prices might undermine the rule of the Royal Family. Eventually, a number of countries which belonged to OPEC [Organization of Petroleum Exporting Countries] also accepted this point of view.

Q: Were you concerned with the Washington Energy Conference, following the meeting in Paris?

BUSHNELL: Yes. There were many fronts coordinated by the NSC to manage the energy crisis. One was to organize the principal consumer countries to work for security of supply as well as cooperation on conservation, stockpiling, and other aspects of the problem as well as to present a common front to the producers. Eventually at the Washington Conference an effort was made to set up a forum including both consumers and producers. The OECD was, as I recall, the first forum for consumer cooperation. Eventually this work resulted in the establishment of the International Energy Agency [IEA], with membership somewhat expanded from that of the OECD, but finally without the producers. Initially Bill Simon who was head of the Federal Energy Office, which later became the Energy Department, lead the delegation to meetings dealing with the energy crisis, and Cooper would be a member. Quite quickly the mere travel aspect of the frequent meetings in Europe caused a reduction in the level of representation. While there was debate about how to organize on a more permanent basis, the Belgians offered to chair or host various working groups to deal with the immediate crisis problems and lay the ground work for the new organization and for discussions with the producers. One of the first problems handled by such a working group was managing the foreign exchange and monetary aspects of the oil crisis. The oil exporters were accumulating lots of surplus foreign exchange and some consumer nations were moving toward balance of payment crises. A high-level working group was established, essentially of the OECD countries. Through the first part of 1974 it met in Brussels every third week with working groups often meeting in between. Jack Bennett, who was Undersecretary of the Treasury for monetary affairs, was the lead official at these meetings. I provided support for him, and sometimes there were just the two of us from Washington representing the U.S. at these meetings which were very action-oriented. Large movements of foreign exchange reserves, sales of bonds, and other measures would be worked out and immediately implemented. There were such frequent meetings that, as I recall this period, it was a very grueling experience.

Bennett and I would fly commercial to Brussels over night, going directly to the meetings from the plane. The meetings only lasted one day or perhaps two; then we came home the next day and had a ton of work to follow up the meeting and get ready for the next one.

Q: Did you go to most of those IEA meetings?

BUSHNELL: I wouldn't say I went to most of the International Energy meetings because there were quite a few covering different aspects of the problem from strategic reserves to energy standards for conservation.. However, I went to many meetings. I was making a trip to Europe a couple of times a month. At times, I would go to Europe early, arriving the day before the meeting, so I would be there when the meeting started. The meetings would start at 9:00 AM. The US delegation would arrive in Brussels at about 10:00 AM, and, if the plane was late, it wouldn't arrive until later. Sometimes I was the only delegate from Washington for the first morning; a couple of State officers from our mission to the EEC or from our mission to the OECD in Paris would also be there, but they had not attended the preparatory meetings in Washington. They were helpful in taking notes and preparing a reporting cable, but I had to talk about the US positions.

Q: Who was involved in these meetings from the State Department? Was that George Bennsky, or had he gone to another post?

BUSHNELL: Claus Ruser attended some meetings on producer cooperation and stock piling; he was on the Policy Planning Council. Numerous other State officers were involved, but I don't remember names. Gerry Rosen from our OECD mission came to Brussels frequently. On the monetary aspects, I don't believe anybody from the State Department went to meetings. There were two or three people from the Treasury Department and somebody from the Federal Reserve Bank. Either Chuck Cooper or I would go from the NSC [National Security Council].

Q: Did anybody come from the Department of Energy?

BUSHNELL: No. Lots of people from the Energy Office were involved in other Brussels meetings, but not the monetary meetings. In fact, they were the principal representatives on several groups and even chaired some of the NSC coordination subgroups. In addition to the monetary, there were groups which dealt with the supply of oil, statistics, oil storage, sharing of supplies, conservation, and others. Chuck Cooper was the chairman of a couple of working groups, and, between us, we tried to be familiar with everything that was going on. One or the other of us tried to be in Washington at any given time. However, at times we couldn't even manage that. Both of us were on the road much of the time for three or four months, during which we arranged for a pretty good level of international cooperation.

Many of the domestic debates were intense, and there was not always even agreement in our three-man office. Chuck Cooper argued the higher energy prices by themselves would result in conservation and reduced consumption through market mechanisms alone. I believed the process could be sped up, would be more transparent to our allies, and would avoid the problems of market volatility if the government set minimum standards such as for auto gas milage and consumption by home appliances. Kissinger said he agreed with Chuck intellectually but he agreed with me politically since the U.S. needed to show its European allies and the OPEC producers that it would take serious action to reduce consumption over the longer term. Thus the NSC supported such measures, but there were great political struggles on the details.

Q: Was there much consideration given to conservation?

BUSHNELL: After the immediate supply and balance of payments problems, conservation was probably the most important topic.

Q: And all this work on energy led to the creation of the IEA [International Energy Agency].

BUSHNELL: Yes. The IEA finally provided the framework for international cooperation. In the U.S. the response to the energy crisis was coordinated by the NSC [National Security

Council] which established numerous working groups. Henry Kissinger chaired the senior oversight group. During much of this period he was both Secretary of State and head of the NSC. Chuck Cooper chaired some of the subordinate working groups. I chaired a couple of committees on some aspects in the conservation area. The Department of Commerce, State, Energy, OMB and other agencies were on these working groups. For example, one of my groups developed energy standards for refrigerators and home insulation. The technical work was not done in these working groups. It was handled by what were called expert groups. In my working group we did not deal with how many angels you can get to dance on the head of a pin. We discussed what the target should be to improve the efficiency of refrigerators, i.e. by 40, 60, or 80 percent and what the schedule should be. We listened to the experts explain what the problems and costs would be at various levels of improved efficiency. I was amazed that for only a few dollars per refrigerator efficiency could be improved by over 50 percent. I asked why such improvements that pay for themselves quickly even at previous cheap energy prices had not been adopted. The answer was not clear, but I concluded that, because consumers were very price sensitive in purchasing refrigerators, manufacturers did not want to offer the same size model at $20 more because the salespeople would not know how to sell the energy savings. From the NSC perspective the important thing was to get something done. The job was to move the government bureaucracy, which was used to moving at a slow speed, at a warp speed. This was what the situation called for.

Q: So the outcome was mainly the creation of the IEA, which provided an international basis for comparing notes on the supply and prices of oil.

BUSHNELL: I left the NSC staff before the IEA as a permanent organization with staff had really gotten off the ground. It was still at the formative stage. The IEA held its first meetings in Paris later in 1974. But the main crisis action was in the coordinating and working groups which met during the first part of 1974 in Brussels and managed to avoid numerous balance of payments crises and too much competition among rich consumers

for oil while giving conservation, strategic reserve planning, and detailed planning for oil sharing a great start among the OECD countries.

The purpose of the IEA was to get the NATO [North Atlantic Treaty Organization] group of countries and a few other countries to work together, rather than to engage in competition with each other for energy supplies. This involved some issues which were very difficult for the U.S. to deal with. Most Americans don't want to expand government authority. Having just come out of an emergency with long lines at the gas pumps, it wasn't so difficult to get people to agree on stockpiling goals and some other measures that required minimum government intervention. Some other countries had already bought facilities and found it easier to stockpile oil than we did. But we soon came up with the idea of using abandoned wells, and there was a lot of political support for stockpiling as a future policy, although most of us on the coordinating group saw this as a short-term palliative which did not really help resolve our long-term exposure to volatile energy supplies.

Internationally everybody agreed energy goals were important long-term. We were not trying to fill the stockpile when the world was already short of oil. We wanted to develop plans for large oil stocks eventually so that OPEC would have less leverage from potential future supply curtailments. We also developed procedures for allocating oil among the IEA members during a crisis so that all the IEA members would be appropriately served. With the cut off of oil from the Middle East some IEA countries had had virtually all of their oil cut off, since they were so dependent on the Middle East countries. Other countries got much of their oil from Venezuela and Nigeria, for example, and were not as seriously impacted. Some countries such as the U.S. and U.K. produced much of their oil while such countries as Germany and Japan were almost entirely dependent on imports although oil was a smaller part of their energy consumption. We sought to develop a procedure to manage such a distribution problem fairly, if it should arise again. There were also attempts, generally less successful, to use the Brussels committees to talk about standards of conservation and efficiency to help all countries domestically in getting conservation improvements. Many countries were well ahead of us on conservation. The

U.S. was one of the laggards in developing conservation policies, and others pressed us to do much more in this area.

There were many complex and difficult problems which had to handled simultaneously and with coordination. On the monetary side, we arranged for supplementary allocations of funds to the IMF [International Monetary Fund] especially from the major oil countries. The existing rules and procedures of the IMF didn't really apply to the financial problems created by the sharply increased price of energy. This whole issue was quite a different problem from what the IMF had been set up to deal with; everyone had to do some quick rethinking to develop policies including much larger drawing rights from the IMF than anyone had contemplated before. The delegates involved in these working groups tried to develop means of handling problems so that there wouldn't be a downward spiral leading to a recession in one country or in the entire world.

I was impressed by the crisis atmosphere in the international working groups. Most countries were represented at high levels by decision-makers from capitals. No one made long speeches. Most delegates, even the French, used English as much as possible. Delegates explained honestly what problems they faced with their laws or public opinion in taking proposed actions. Imaginative approaches emerged at every meeting. Lawyers were told to draft and experts to find the best way to so something, but legal and technical problems were not allowed to take much of the working groups' time. It was a 180 degree positive contrast with negotiations in UNCTAD. There was a tremendous amount of work done in a short period, and we really worked hard for a while.

Q: Were you concerned with other economic issues when you were in that position?

BUSHNELL: We also had the big issue of price controls and then related export controls on soybeans and certain other commodities. The issue of price controls arose almost as soon as Chuck Cooper arrived at the NSC. Almost all economists in this Republican administration were against price controls. However, President Nixon was determined to

do something to stop inflation. Since it was in large part spending on the Vietnam war that was underlying the inflation, it was hard for Kissinger to oppose Nixon on price controls beyond advising him that the experts said they would not really affect inflation. Cooper was strongly opposed, and at times I thought he might resign if Nixon imposed price controls. I did not attend the cabinet-level meetings on price controls, but I tried to calm Chuck down after each meeting. The debate on this issue was before Kissinger became Secretary of State and also before he won the Nobel peace prize. This issue was debated for only a few days before Nixon announced price controls on certain agricultural commodities. The list was less extensive than originally proposed.

Almost immediately we were confronted with a need for controls on soybean and other exports. Where the foreign market price was above the controlled domestic price, there was of course every incentive to export. Such exports would result in severe shortages and destroy the price control program. However, other countries such as Japan relied on the U.S. as a reliable supplier of soybeans. Cutting off exports to them might not only cause shortages and price spikes in these countries but might also weaken the US reputation as a reliable supplier causing them to grow more themselves regardless of cost or to contract supplies in other countries such as Brazil. Moreover, cutting off supplies of basic foodstuffs obviously had large political implications both within market countries and in terms of our overall relations with them. Thus there were big stakes in trying to find a way to administer the controls to protect key foreign markets. Fortunately, harvesting of a new soybean crop would begin in just a few weeks. But there were few soybeans in stock. The Agriculture Department had not identified this export control problem in the preparations for the Nixon price control speech. A Japanese representative (perhaps a trader not a diplomat) told Agriculture export restrictions on soybeans were seen as a dagger in the heart for Japan, which is heavily dependent on soybeans in its national diet.

Both Chuck Cooper and I were almost immediately spending all our time in working groups and meetings with Agriculture to develop the details of the export controls. The White House Council on International Economics was also involved. First we needed data on

what soybean stocks and soy oil stocks were. Agriculture did not know. We insisted they make an unprecedented, for them, effort by sending Agriculture Department managers to warehouses all over the country to report back by phone on the stocks. This was done in less than 48 hours.

Q: Despite the enormous resources available to the Department of Agriculture in terms of agricultural statistics.

BUSHNELL: That's right. The Department of Agriculture has complex statistical models and a vast resource of reporters to estimate the production of various crops, even as they are affected by the weather and so forth. But under normal circumstances after the harvest it does little to follow stocks, except for those it owns. Usually, stocks are held by farmers and commercial firms in the United States. The Department of Agriculture is concerned about fumigation, health standards, and related matters. However, the Department of Agriculture didn't have any good and up-to-date measure of how much of a given commodity was on hand, where it was located, and what condition it was in.

Fortunately, we found, after the fact when we developed a better understanding of the situation, that supplies were not as critically short as we had thought. By setting the price of soybean meal and oil low we were able to get most processors to shut-down a few weeks and wait for the new crop. This shut-down did not result in serious shortages to the consumer as the pipelines were pretty full of product. There were then enough soybeans to honor existing export contracts. It was not a time of the year when there normally was much export purchasing, so preventing exports of newly purchased soybeans was not a major issue. If we had had more accurate statistics, those of us who favored not applying export controls, and maybe even price controls, might have won the battle, because the potential for price increases in fact was much less than people thought it was. It's not that the Department of Agriculture was trying to misinform anybody. It was also opposed to export controls. However, its information systems did not yield the needed facts.

Q: Was the Council of Economic Advisers concerned with these issues?

BUSHNELL: Certainly, they agreed with us in being against price controls. However, I think the Council of Economic Advisers favored export controls if there were price controls. We didn't work with the Council very much. In its annual report on the state of the economy, the Council includes a section on international developments. We used to review this section in terms of national security policy. In fact, I wrote a few paragraphs for this report at least one year. There may have been something we thought had been left out of the draft report. However, on a day to day basis, we didn't work closely with the Council, although it was represented on some of the committees that we had during the energy crisis. Chuck Cooper had years before worked on the staff of the Council, and he had frequent exchanges with the principals.

Q: Beside you and Chuck Cooper, who else from the State Department worked on the economic side of things on the NSC [National Security Council] staff? Was Bob Hormats...?

BUSHNELL: Bob Hormats was on the NSC economics staff.

Q: What was he doing?

BUSHNELL: He was there much of the time when I was on the NSC staff, but he departed about the time I joined the Economics Office. I worked little with him. He spent considerable time on trade issues but was not much interested in aid issues. Then we recruited a young man, Bill Hale. He was seconded to the NSC staff from the Energy Office. He may have come originally from one of the oil companies on an exchange program. We brought him in to work on the details of the oil issues. He did much of the technical work but did not travel to Brussels.

Q: At that point we were wrestling with Congress on the Trade Act of 1973, which ultimately became the Trade Act of 1974. The authorization for us to participate in the

Tokyo Round of the GATT [General Agreement on Tariffs and Trade] negotiations was contained in the Trade Act of 1974. Were you concerned with that?

BUSHNELL: This was an issue Bob Hormats worked on. However, by the time I went to the Economics Office Nixon administration trade policy was set. The NSC generally had little to do with trade except as it impacted other issues such as the soybean export controls because there was a separate White House office that handled trade issues. About the end of 1972 an International Economic Council under Pete Peterson was set up in the White House to coordinate positions on international economic issue. I worked closely with this group, especially with Ray Sternfeld, an AID officer I had known for years. Deane Hinton was Peterson's deputy, and I again worked with him on some matters. This Council was supposed to coordinate international finance, developmental issues, and many related matters. Cooper was a member. The NSC was supposed to bring the foreign policy elements to Peterson's group. Kissinger was glad to get rid of coordination of economic positions, but, when the energy crisis arose, Kissinger insisted on the NSC having the leading role because he saw the tremendous political importance of energy questions in the Middle East and with our NATO and other allies.

Q: Did Peter Tramick work there for a while?

BUSHNELL: I think he came later. At that time there was no overall economic council at the White House to integrate domestic and international policies, which of course have a great overlap as the soybean issue illustrates. There was a council to coordinate international economic policies, but there was no effort to coordinate domestic economic policy at the White House level. When we went through the oil crisis of 1973-4, for example, the NSC and its various mechanisms had to deal with the whole thing. I was chairing meetings on energy conservation, which was really largely domestic business. There was no other apparatus to do it. Energy was part of a larger picture, which was driven by the foreign affairs issues.

Once Pete Peterson's operation was in place, we talked to them about Vietnam and the problems which concerned the NSC in this connection. Although they were not much interested in Vietnam, we worked closely with them to the allocation of the AID budgets.

Q: On the basis of your experience and observations, how would you assess the NSC [National Security Council] system?

BUSHNELL: As in the case of any system that relies heavily on its principal figures, it is almost impossible to assess it, independent of the principal figures. Nor does the NSC or any system work in the same way with different principal figures participating. During most of the period I was at the NSC, when Kissinger was at the peak of his influence, the NSC system operated as a good tool for Kissinger. He was so dominant in foreign policy that in most respects what happened in the NSC principal meetings and what followed in the implementation NSC decisions reflected Kissinger's first and last word on the subject. Kissinger also did a lot of things on his own, independently of the Department of State. With regard to the NSC as a system to bring together the various departments, I don't know whether it worked well or not. Certainly some cabinet members and departments such as State probably did not think it worked well when Kissinger did a lot of things outside the interagency system. The system was used more to implement what Kissinger wanted to do, rather than to bring together the views of the various government departments and to provide President Nixon with options for his decision. This gathering of options was one of the things the national security system was supposed to do.

Kissinger was not the only principal that his version of the NSC suited. It also suited President Nixon. My observation was that Nixon did not like to work directly with his cabinet officers or with much of anyone else outside his immediate circle. Reportedly Kissinger spent a lot of time alone with the President. The NSC provided Kissinger with much material for these discussions. The NSC was then the tool through which Nixon/ Kissinger decisions were implemented. The NSC staff was not just taking the views of

various parts of the government bureaucracy, trying to package them, and laying out options for decision by Kissinger and President Nixon. What the NSC staff was doing at Kissinger's direction was trying to develop additional options and provide an agenda and intellectual leadership on foreign affairs. The annual report prepared by the NSC, what we called internally the state of the world report, was not staffed by the foreign affairs agencies. Colonel Kennedy, and in fact all of us on the staff, spent a lot of time on this 100 page report and so did Kissinger. It was Kissinger's effort to provide a structure and integration to our entire foreign policy. Nothing I know of in the mandate of the NSC called for such an overarching report. In fact once Kissinger became Secretary of State he moved the preparation of this report to the State Department.

Another example: in connection with the Korean situation, Kissinger, and perhaps Nixon, wanted to do more to modernize the South Korean armed forces than the Pentagon wanted to do. Perhaps they thought modernization was the best route to eventual reduction of US forces in Korea, although Kissinger never said that in my hearing. My recollection is that there was no one in the government, except for Kissinger, who was pushing that sort of option. He felt we were not going fast enough. I don't think the State Department was against Kissinger's view, but the people there were not actively pushing for the modernization of the Korean armed forces. The Central Intelligence Agency did not play any particular role in this connection. The NSC was not just receiving options from different agencies, packaging them up, and getting a decision. Rather, the NSC was going beyond the options presented and developing additional options with a specific agenda in mind. There were many issues which were handled in that way. Of course the NSC had a major role in setting the foreign affairs agenda, but, in part, I think this was because no department or cabinet member had an interest in setting the agenda. In many respects the NSC filled a vacuum. During the first weeks of the Reagan Presidency the NSC made a few moves to set the agenda, but Al Haig jumped in with major efforts and excellent staffing from the State Department to set an agenda which dominated for much of the

following four years. Interestingly quite a few of the senior officers assisting Haig at State had been with Kissinger at the NSC.

Some of the regional people in areas where Kissinger wasn't much interested, such as Latin America and Africa, played the usual, coordinating role. They staffed Presidential visits and interviews. They coordinated among the various bureaucracies but had no additional agenda. However, Kissinger, as a very strong national security adviser, had an agenda of his own, which was quite separate from that of the departments represented on the NSC.

At other times, when there were strong members of the cabinet influencing national security issues and an NSC adviser who saw his role more as a mediator among these people, the role of the NSC was quite different. Finally, I would note that Kissinger recruited an unusually strong staff. He frequently said he wanted only the best. He did not have any imposed political appointees as did most cabinet members. A majority of the staff, aside from intelligence people and administrators, were from State. Most have since had outstanding State careers. What this experience told me is that 60 outstanding professionals with great leadership can have an impact on foreign policy far greater than the thousands of various quality in a typical bureaucracy.

Q: To turn to another matter, doesn't the existence of the NSC system as the President's primary mechanism for keeping him informed on foreign affairs usurp the position of the Department of State as the formulator and implementer of foreign policy?

BUSHNELL: The role of the NSC changes over time. I don't think it necessarily is the primary mechanism available to the President to keep him informed on foreign affairs; some Presidents rely on intelligence briefings and a wide range of contacts. Certainly, there were a lot of comments for and against the role that Kissinger played at the NSC. There were certainly those in the State Department who felt that Kissinger usurped powers from the Secretary of State. There was the same view in Defense. It was widely

recognized in the Department of State and in the press that there was a good deal of tension and competition between Kissinger and Secretary of State Rogers. With other national security advisers there has been a much more collegial approach of working with other members of the cabinet and declining to handle diplomatic negotiations directly. Since the Nixon period to avoid the situation that arose at that time action has been taken to improve relationships between the National Security Adviser and the Secretary of State. I don't believe people necessarily saw bad outcomes in Kissinger's performance. The practice has since developed of having the National Security Adviser and the Secretary of State have breakfast or lunch with the President frequently and to get together among themselves and perhaps with the Secretary of Defense even more often so that there would be plenty of opportunity among them to discuss issues of mutual interest.

Since the period of the Nixon administration the NSC adviser has operated as part of a team of the principal foreign policy figures in the administration. Kissinger had a more conspiratorial view of policy making, although it may have been less conspiratorial than President Nixon's. He felt the bureaucracies did not share his global view of what he and the President were trying to do and that the cabinet secretaries were in the pockets of the bureaucracies. As a result, the relationships between the NSC and the Department of State during the Kissinger period were difficult. Of course these problems were finally solved by making Kissinger also the Secretary of State.

Q: It seems to me that having that kind of high-powered personality between the President and the Department of State tends to dilute the influence of the Department. Certainly, there have been tensions in these relationships in subsequent administrations. For example, relationships between Secretary of State Cyrus Vance and National Security Adviser Zbigniew Brzezinski were probably as tense as any relationships between the people who occupied these positions at any time.

BUSHNELL: Perhaps different, because there wasn't a regular winner. Vance would take his case directly to the President and often win. By the time I was on the NSC staff,

in early 1971, Kissinger was so clearly dominant that the battle was over. People had in general learned to live with the resulting situation. Rodgers did not appeal directly to President Nixon any longer, if he had earlier. I don't have any personal view of some of the struggles for turf which may have gone on earlier between Kissinger and the Secretaries of State and Defense. By 1971 most bureaucrats tried to avoid any conflict with Kissinger, which they considered would be harmful to their careers. They generally recognized that Kissinger had already assumed great power. I found it quite amazing the Rodgers did not figure out until 1971 that Kissinger was supported mainly by State Department Officers. Probably, Rodgers just was not interested in fighting for power.

During my time on the NSC staff I would have lunch about once a month with Bob Nooter, who was the Assistant AID Administrator for Supporting Assistance. He dealt with Vietnam and other politically sensitive areas worldwide. At some of these luncheons we were, in effect, a raiding party. I would tell him what level of aid for Vietnam Kissinger was leaning toward. The money had to come from somewhere. At times he would try to get the AID bureaucracy to increase the total amount being requested for supporting assistance, but such an increase would reduce the amounts available under the OMB limits for other AID programs, so he usually lost. However, he would informally educate me on where it might be possible to make some cuts in programs of other countries. Gradually, many senior officers in AID perceived that the White House might cut their programs, and they would lobby Nooter, and even in a few cases me, to avoid cuts. When they contacted me, I would ask where we might find funds if not from the program they were saying was so good and essential. I got several good ideas in this way, and in more than one case I was convinced to try to defend a particular program.

In a more congenial administration AID would have produced its own options for decision by the President. It would have said, for example: “If you want to give more aid to Vietnam, you could take the funds out of this or that program,” and so provide him with a number of options. But despite knowing they would lose, the AID bureaucracy continued to hold to its priorities as presented in its budget. Once I even got Kissinger to send AID a memo

asking for options, but the reply basically said there are none. Thus the NSC and OMB had to give the President options with no more than informal input by AID. We were not in a particularly strong position to propose such options because we didn't know all of the considerations. We would simply say to Kissinger and to the President: “If you take a big piece of money out of aid to Nigeria, they won't like it. This will lead to a deterioration in our relationships with Nigeria.”

Q: To what degree and in what way did the CIA [Central Intelligence Agency] influence NSC positions, as far as you are aware?

BUSHNELL: That's a very broad question. I had a lot of interface with CIA, both the briefers who came to the OEOB [Old Executive Office Building} everyday and specialists with whom I would talk on the phone or even visit at Langley. On Vietnam the CIA had an army of people who did the analysis, on a unit by unit basis, of what progress the South Vietnamese military were making and another army that kept track of developments in each province..

Q: This must have been an overwhelming job of research.

BUSHNELL: Yes. The CIA had tremendous resources both in terms of people in the field...

Q: Plus personnel and money...

BUSHNELL: And the ability to process and analyze information. On the whole, I think the CIA people did a competent job on Vietnam. They often could not see the forest because they were so busy looking at individual trees, so their broad intelligence pieces were not as good as the highly detailed work. Or perhaps the senior people would not let the analysts say in general terms just how bad the situation was. Then we got into the unexpected, the energy crisis [in 1973]. First, the CIA did not see it coming. Then in my view it took them longer that it should have to get up to speed. There were two or three senior people who were quite good, but they were not able to produce quickly the sort of

detailed information and analysis that we would have liked to have had. This was because they weren't prepared to do so. A few years later they were able to produce all of the analysis required. However, the energy crisis was a new development which they weren't expecting, and the bureaucracy did not have the time to prepare and train the people that were needed to do this job. They could only present what the senior people knew off the tops of their heads. In fact, the senior people themselves knew only a little more than what any of us knew off the tops of our heads.

Q: So CIA people were the principal source of the analyses on energy, Vietnam, or what have you?

BUSHNELL: I would say they were the principal source of analysis, yes.

Q: The Department of State just doesn't have comparable resources.

BUSHNELL: The Department of State wasn't making much of an effort to prepare detailed analyses on Vietnam. State does not have the resources for that. In fact State did some broader papers that I thought were good. INR [Bureau of Intelligence Analysis] would do an occasional paper which would say that we shouldn't place as much weight as the CIA wanted on this or that piece of information. They often made useful comments, but they weren't revolutionary. Also the Policy Planning Council managed to produce useful analyses when the energy crisis occurred in 1973. We probably got almost as much useful, high quality analysis from the Department of State as we got from CIA. The Department of State had about 16 people working on energy matters. The CIA had about 300 people working on it.

Q: Exactly.

BUSHNELL: Before the CIA really kicked into gear, the Department of State analysis was very competitive in terms of what their analytical people could put together rapidly, that is, with little or no warning or lead time. The information base, certainly the information

available to the White House as measured by the volume of material we received, came overwhelmingly from the CIA. Even if the basic raw material was in the form of cables from Foreign Service Officers in the field, these didn't circulate to the most senior persons in the government, except for a few like those from Bunker. At the NSC level, much of the material we received was CIA summaries of State Department cables. The regional offices in the NSC received most substantive Foreign Service cables, and occasionally they would summarize or forward one to Kissinger or his deputy. The State Department provides a major part of the raw material which goes into intelligence analysis. However, the CIA has far more people who come in at 3:00 AM and actually draft the material which goes to the NSC each day.

Q: Did you regularly read these National Intelligence Summaries which CIA prepared for the President? Did people on the NSC staff get to see those?

BUSHNELL: I saw a version of the President's brief but not all of it. Only two or three senior directors such as Phil Odeen saw the same version as the President. I am not sure what they saw was always the same as what went to the President.

Q: What did you think of them?

BUSHNELL: I thought these daily reports were good. They contained a lot of information, and they contained many interesting perceptions. This material was carefully written and edited and presented with no agenda.

Q: I always thought senior people in the various government departments need more material in the way of analysis and recommendations.

BUSHNELL: It's not the job of intelligence people to provide recommendations. I would say that CIA articles usually involve just pulling a lot of facts together. Analysis somehow goes beyond the basic facts. Much intelligence analysis turns out to involve evaluating how reliable a given set of facts is. That is an important part of analysis. You want to have an

analysis by somebody who knows a lot about a given subject and knows or can evaluate what that information amounts to. A lot of intelligence analysis is just summary, rather than analysis of what the information means for the U.S. in more general terms.

When you are concerned with policy formulation, there is a big difference between a roundup of what's going on and an analysis of its implications for the future. Often, the roundup is all the analyst provides. Then there are policy papers which articulate alternatives and the pro's and con's of different policies which the U.S. might follow. Those papers generally came from the State or Defense Departments. Often, these papers were very good. Policy papers, as such, didn't come from CIA, although on certain subjects such as intelligence requirements or covert matters we would get what amounted to policy papers from CIA. CIA also had the lead role in preparing national intelligence assessments or estimates. These focused on guessing the future. They were cleared with many agencies and departments and those that disagreed with something could enter footnotes. These estimates provided the basis for policy options but did not present them although the estimates sometimes included predictions of reactions to likely policies.

Q: In addition to written, CIA materials, did you interact in the sense of oral communications with people from CIA when you were on the NSC staff?

BUSHNELL: Yes, quite often.

Q: What sorts of situations would these contacts concern?

BUSHNELL: For one thing, CIA provided those of us who worked on Vietnam with frequent oral briefings in the situation room. In these briefings they would do a fairly comprehensive review of everything which was going on.

Q: Would they have one or more briefers?

BUSHNELL: Generally they would have three or more people speaking in sequence with maps, pictures, and charts. Three to six officers from the White House would attend these briefings. The NSC staff was pretty small. Kissinger and his deputy would not attend these briefings, and some of those attending were from the office of the military assistants to the President not the NSC. Briefings of this kind were useful because, while the CIA would present its dog and pony show, one could ask a lot of questions. Often the briefers, although all were involved in Southeast Asia, would not know the answers, but they would try to find out and get back to you, usually by phone but sometimes at the next briefing. These briefings were conducted by senior CIA officers. This was a major source of feedback for them on what we wanted to know more about. During the energy crisis [of 1973-4] a CIA man named Ernst.....

Q: Yes, Morris Ernst. He was the head of the Economic Section at CIA. He was very sharp.

BUSHNELL: Very sharp. He personally did a lot of work in the energy field. Unfortunately, he didn't have his staff organized and trained so CIA couldn't do nearly as much as we all would have liked. Ernst was a great help; he prepared a lot of technical papers which we presented at the international meetings. His work provided the analytical structure that was later used by the IEA [International Energy Authority].

On the whole, CIA was a very important source of information and the place where I tended to turn to find things out. My experience was not typical because the issues I worked on really didn't have a home or central point of reference in the State Department or even the Defense Department. In many respects if there were a home in the State Department for some of my issues such as force modernization in Korea, that home was the Bureau of Political-Military Affairs. However, this bureau did not seem to be interested in these Asian issues. Nor was PM active on military issues in Vietnam. I never got much

from the Vietnam desk in the State Department either. I recall a couple of good Vietnam studies from INR when I was first at the NSC.

Q: They may have been shell-shocked.

BUSHNELL: During my assignment to the NSC I was much more back-stopped by the military and by the CIA than by the State Department because of the particular issues with which I dealt.

Q: It really is interesting, though, that there wasn't more of a noticeable State Department presence on Vietnam affairs, as far as you were aware.

BUSHNELL: The State Department had a very strong presence in the form of the Embassy in Saigon. Generally, for things that were not of immediate concern to Kissinger and the President, the Ambassador in Saigon and the Country Team worked through the State Department, but Bunker was a very strong Ambassador; he directed State more than State directed him. State had essentially opted out of the military issues and was even finding it hard to keep a finger in Kissinger's negotiations with the North. It was because State/AID was not providing the economic assistance that Bunker and Cooper felt was necessary that my role on economic assistance emerged at the NSC. Kissinger would have been more than happy to have left this economic support ball with State, and the NSC picked it up only when Bunker pressed Kissinger to do so because State was not producing.

I chaired an interagency working group tasked to develop programs to improve South Vietnam's economic viability for the longer term. I tried hard to get State to be active in this group and even scheduled the meetings in the State Department. The Vietnam desk scheduled a meeting room whenever I needed it, and someone from the desk attended most meetings. But it was Agriculture, CIA, AID, and even DOD and OMB that made the main inputs to the work of the committee. I don't believe anyone from EB [Economic Bureau] ever attended. I arranged for letters from Kissinger to the CIA director

and the Secretary of Agriculture praising the work of two officers who made the greatest contributions; both were soon promoted while staying on the working group.

However, my experience was not typical of the NSC. For most of the world State had the lead; regional officers at the NSC relied heavily on both the cables from Embassies and papers from the State Department in their work.

Q: There were some CIA people seconded to the NSC staff. Was their presence there quantitatively or qualitatively clear? Were there many CIA people there and were they competent?

BUSHNELL: There were two categories. There were CIA people on the NSC staff who were essentially responsible for conducting briefings and obtaining intelligence. They handled sensitive intelligence. One provided daily input on Vietnam, but CIA senior analysts would come over from CIA to brief us in more depth a couple times a week. There was a tremendous flow of intelligence paper, less to me than to most people on the NSC staff. Most of the NSC staff members were following specific countries and problems on which there was a steady flow of current intelligence items. CIA was also represented in the staff of the NSC/White House operations center. Secondly, there were a few CIA people who were on loan to the NSC, just as I was on loan from the State Department. There were a couple of CIA people in the Program Analysis staff working on such matters as the strategic arms talks. There were a couple in regional offices. I was not even aware of where some officers came from. The caliber of those I knew to be from CIA was high. By the time I was assigned to the NSC staff, Kissinger had his pick of people. Lot's of people wanted to work for him. In Geneva I had had no idea what a prize such an assignment was.

Q: How about Pentagon influence on the NSC staff?

BUSHNELL: When I joined the NSC staff, the Deputy National Security Adviser to the President was Al Haig, a career Army officer. Incidentally when I joined the NSC staff, Al

was a fairly new one-star general. His rise after that was spectacular. He was succeeded by General Brent Scowcroft, a career Air Force officer. There were an additional half dozen or so military officers loaned to the NSC, not including those in the operations center. There were not nearly as many career military officers as there were FSOs [Foreign Service Officers]. They were seconded or assigned to the NSC staff, just as I was. They were mainly in Program Analysis and the Planning Group; I don't recall any in the regional offices.

Dick Kennedy, for example, came from the Air Force although at some point he retired and became a NSC employee. There were people on the NSC staff who had worked at least at one time at the Pentagon, including Wayne Smith and Phil Odeen. There was also the Military Office of the President, not part of the NSC. This office included officers who were an active link with the Pentagon. They arranged the aircraft for Haig and Bunker for example. Because the Program Analysis Office worked so closely with the Pentagon, we had mechanisms established with the Pentagon for informal communication on virtually every project that I worked on.

Q: You haven't said a great deal about Al Haig, Kissinger's deputy as National Security Adviser, and your contacts with him. Would you want to say more about that?

BUSHNELL: I made a lot of trips to Vietnam with Al Haig. He spent a large part of his time working on Vietnam. He was one of the principal players on Vietnam issues. He was very interested in the Vietnam issues we handled in Program Analysis. I found him a good person to work with. On several occasions I got back a paper on which Kissinger had written “Improve” or something to that effect. I often then got a phone call from Haig who made concrete suggestions for adding or clarifying points in the paper. We had an established allocation of responsibilities in Program Analysis. I was handling economic and intelligence analysis, and Haig looked to me as his resource in these areas. When he went to Vietnam, there were always four or five people who went with him. We would sit around a table on the plane, and discussion would be open and free-flowing. He was

demanding in wanting good talking points for his meetings and well focused questions on the military situation, but he worked with you in a cooperative and open manner. He was well organized and knew how to run a meeting and get results from it. He was sensitive to the views of others and was a good diplomat, even though he was a military officer. He was considerate of his staff. I certainly enjoyed working with him. He had a tough position to fill, being number two to a person like Kissinger. As one of my colleagues once put it, he sort of felt sorry for Al Haig because it was tough to be number two to God.

Q: Good Lord! [Laughter]

BUSHNELL: Henry Kissinger was fun to work for, certainly an intellectual challenge, but he wasn't necessarily a pleasure to work for. He would generally tell you your papers stank and that you didn't have enough options or enough facts and you wrote too long. Sometimes he would ask where you got this or that stupid idea. Al Haig was a much more normal person in terms of his relationships with his staff. Kissinger was fine because he welcomed intellectual debate. If he told you something was stupid, you could come back that it was only half as stupid as some idea of his on the same subject. He welcomed such exchanges, although those who initiated them without a good command of the subject matter would regret it. Haig called me Bushy, which I did not particularly like, but I knew it was an attempt to be friendly. Kissinger would refer to me as a damned economist as in: “that's a good idea for a damned economist.”

Q: If you were designing the foreign policy apparatus of the United States, and we may come back more seriously to this question at the end of the interview, how would you allocate functions and responsibilities among the White House, the Department of State, the NSC, the CIA, and the Pentagon? Could you just explain what you think the optimum blueprint would be for formulating and implementing national foreign policy?

BUSHNELL: I would answer in two ways. First, in the usual situation the role of the NSC should be as the integrator of the contributions of the various agencies. But I would say

that you can't just design a system in isolation. You have to postulate something about the people who are going to use the system, especially the President, but perhaps also some of the key cabinet officers. If a President is himself very interested in foreign affairs, as Presidents John Kennedy or George Bush were, you need to have a different NSC system from what you need with a President who is not very interested in foreign affairs such as a Ford or Reagan. After all, the NSC is the staff of the President. No matter how you structure the NSC or what you do, a lot of what happens will be very much affected by the nature and personality of the President in office.

During a period of time when the national agenda is dominated by issues of foreign policy, the role of the NSC staff is likely to reflect the President's interests. The biases of the President will have a stronger impact then than during a time when international issues are not at the top of his agenda. In that case the President is unlikely to spend much time on them, and the NSC staff will keep the bureaucracy more or less marching forward on the lesser issues, which make up the large majority of problems facing any administration.

A lot has been written and a lot of time has been spent on developing an ideal NSC system. Frankly, I think the system is much less important than the people in the administration. The people in any administration and their character and interests are going to drive what the NSC does and how the NSC relates to the rest of the government. If you have an NSC system which resists such adaptation, the people will just go around it. You can't force the most senior people into an arbitrary mold. I think President Nixon needed someone like Kissinger by his side. The two of them were up against the world because that's the way President Nixon thought and this was the way he wanted to work. Nixon was uncomfortable relying on bureaucracies which he thought were against him. He had a conspiratorial view of the way Washington and the world worked. Kissinger fit right into this thinking. This was probably one reason why Nixon appointed Kissinger as his National Security Adviser and certainly a main reason Kissinger was so successful..

If there is a strong National Security Adviser, who has his own agenda, he must sell it to the President. Or the National Security Advisor must adopt the agenda of the President if the President has strong views on foreign policy. In my view the country is not served well when neither the President nor the National Security Advisor have strong views on foreign affairs. If the President and the NSC Adviser do not sell their policy agenda to the cabinet, no matter how you organize, there is going to be a lot of friction between the NSC and the rest of the bureaucracy. When the NSC is charged with implementing an agenda which is not understood and not supported by all the departments and agencies, inter-agency meetings often become confrontational. The President and the NSC Adviser may have the necessary staff to dominate policy formulation and even implementation, that was the case when I was on the NSC staff, but it is not pretty.

I don't know how I would design an NSC structure. Some have proposed a basic nonpartisan staff of about 50 people, most of whom would work at the NSC for many years through several administrations. They might initially be drawn from the various government agencies, but they would be hired by the NSC and sever their ties to their agency. They would basically perform a coordinating role. However, I think a strong National Security Adviser would quickly build an alternative personal staff on top of such a career staff at least to deal with the issues he or she considers most important. Moreover, the hours and strain of the work would be a bit much to ask people to endure for many years. Some in State propose giving State many of the coordinating functions of the NSC. At times State has assumed such functions at least in part. But the Secretary of State has a great many other time-consuming responsibilities, often requiring extensive travel. I don't think most administrations would operate well without an NSC staff.

Q: Let me throw this question at you. Frank Carlucci [retired Foreign Service Officer and later a senior CIA and DOD official] once told me that on one occasion he had an argument with former Secretary of State George Shultz. He tried to persuade Shultz that the State Department ought to draw up its idea of what foreign policy ought to be

and explain what was required in terms of military support for it. The idea was that the Pentagon should draw up military plans to meet the foreign policy objectives prescribed by the State Department. However, Shultz did not feel that this approach was realistic or practical. Carlucci said that in the absence of such an approach, the Pentagon budget and machinery are politically formulated by Congress, on the basis of all kinds of extraneous considerations. The main thrust of the views of the Pentagon, by virtue of its huge budget and vast influence, affects our thinking about all kinds of things. That exercises an inordinate amount of influence on public perceptions of foreign policy.

BUSHNELL: Most people would agree with what Carlucci was saying. There ought to be a better, more inter-agency threat assessment, that is, identification of the opponents we might have to fight against and their likely capabilities. State probably has the key role on likely threats, although for much of recent history that was obvious. One of the biggest drivers of the DOD budget is, of course, how many threats we might have to confront at the same time. There are so many uncertainties in this judgment that I think it becomes more a political judgment.

As to a threat assessment, I don't think the Department of State should have the principal role of drawing it up. There are too many elements in a threat assessment which the Department of State doesn't normally deal with. In a threat assessment much of the real work involves measuring the likely future strength of the armed forces of a potential rival. The Department of State might say that country X is a potential rival, but the Department doesn't have the expertise or the in-depth knowledge of DOD or CIA to determine what forces country X is developing and what sort of forces would be required to neutralize them, what country X's weaknesses are, and what it would take to exploit them. Clearly, it would make sense, and this is what the Pentagon and NATO have done for a long time, to analyze the threat and then shape and equip your forces against that threat. But the future is always very uncertain. There are a great many factors to take into account, for example what assumptions does one make about allies and about the future military

strength of allies. Moreover, our intelligence is often very wrong as it was in overestimating the USSR's military capabilities for many years.

Another major reason why this approach is less than satisfactory is that the lead times for dealing with a perceived threat are very long. What the military needs to know today is what threats will be posed 10 years from now, so that Defense has time to develop the weapon systems to deal with such threats. In fact, nobody's crystal ball is good enough to tell you much about a threat 10 years in the future. Neither State, CIA, nor any other government department could tell you that. As a result we wind up with a funny second or third best prediction which gives us some basis for assessing what the Pentagon could use in sizing and shaping the forces we would need to deal with such a threat five or six years in the future. Then the Pentagon has today what was planed several years ago. It is true that much of the weapons systems we have today are directed to dealing with the Soviet threat. The threat assessment of the Soviet Union was first thought about years ago, and our forces were developed, designed, and procured to deal with it. We may, of course, be able to use most of our force structure so designed and developed for other purposes.

The Program Analysis staff spent much time and effort on trying to improve the DOD budget and meld it more toward Kissinger's view of the world. I was not directly involved in this work, but I heard enough about it to know that only a small part of the DOD budget is subject to policy direction in any year, less than 10 percent. The vast bulk of the budget is devoted to the maintenance and operation, including personnel costs, of the structure we have and the procurement of those things that were contracted for over the past several years. Even at the margin it is politically extremely difficult to make changes as illustrated by the difficulty of closing expensive unneeded bases.

One of the things we did every year at the NSC was to write a book summarizing our foreign and defense policies and trying to tie the various elements into some kind of integrated overall picture — a foreign policy overview. We would basically write this

book within the NSC although some regional offices may have gotten inputs from other departments. I myself do not consider that doing this policy overview ought to be an NSC function.

Q: This was a TOP SECRET report?

BUSHNELL: No, no, it was a published unclassified document. I tended to call this assessment the State of the World, but that's not what it was officially called. Some called it Kissinger's contribution to historians. The concept underlying this document was to lay out a general formulation of what our main foreign policy objectives were, placing them in the context of developments during the past year. Kissinger felt that the Washington agencies and perhaps our allies lacked an integrated, overall assessment of our foreign policy. I think, if Secretaries of State and other senior people in State spent more time worrying about the overall structure of policy, where we're going and what resources we are going to need and less time worrying about today's crises, that would be all to the good. It's hard to adopt this approach. Secretary Shultz tried to spend time on this approach with his Policy Planning staff, often on Saturdays.

Q: This is Thursday, March 12, 1998. John, after 1974 you moved on to the Treasury Department. How did that assignment come about?

BUSHNELL: My one-year extension, making three and a half years on the NSC staff, was coming to a close, and the State Department assigned me as the Country Director for Brazil. By this time Kissinger was the Secretary of State and was trying to establish a special relationship with Brazil through a frequent exchange of private letters. Thus State thought I would be a good fit, knowing something about Latin America and something about how Kissinger handles such special relationships. I was pleased both to have another assignment in Washington and to get back to Latin America. I thought that working on Brazil would be exciting, although I did not speak Portuguese. My hopes of going to the War College were pleasantly dashed when I was promoted to FSO-2 in 1974.

About that time Bill Simon moved from the Energy Agency to be Secretary of the Treasury. Simon asked Chuck Cooper to move from the NSC to Treasury to be the Assistant Secretary of the Treasury for International Affairs. Cooper said he would accept this assignment only if he could bring his own deputy with him. He asked me to move to the Treasury Department to be the Principal Deputy Assistant Secretary for International Affairs. Initially I was reluctant because I thought it was time for me to get back to the State Department. Chuck pointed out that being a principal Treasury DAS was a much more responsible job than what State was offering me; he argued the DAS in Treasury for International Affairs is about as senior a job as any FSO economist ever obtains, except assistant secretary for the Economics Bureau in State. Moreover, I enjoyed working with Chuck and had enjoyed working on the energy crisis with Bill Simon and his Under Secretary, Jack Bennett. I agreed to go to Treasury provided I continued to be on loan from State and would return eventually to a FSO career. I even used my strong bargaining position to get other concessions such as a prime parking space, taking my NSC secretary with me (she was about the only person who could read my terrible handwriting), and a promise of every other Saturday off (not kept).

Treasury applied to State to have me assigned to Treasury as part of a long-standing exchange program in which a couple of State officers are assigned to Treasury every year, often as part of Treasury Attach# offices in embassies. State personnel sensed a strong bargaining position because they refused to assign me on the exchange program and insisted that Treasury agree to reimburse State for my salary and costs. Treasury agreed to every thing, even the parking place. Simon was engaged in some respects in a friendly competition with Kissinger, and and he considered getting two of Kissinger's NSC officers a coup. That assignment was agreed by the State Department, and I went to the Treasury Department with Chuck Cooper in June, 1994. It was a change to an entirely different sort of job with a completely different set of issues and problems.

Q: Somehow, I had the impression that you were working for Jack Hennessy.

BUSHNELL: No, Chuck replaced Hennessy.

Q: But Cooper was your boss at the Treasury.

BUSHNELL: Both Cooper and I went to the Treasury on the same day in June 1994. Once Kissinger was spending less time at the NSC, Chuck, and quite a few others, wanted to move on. It was not that Brent Scowcroft was not a great boss, but Kissinger was gradually taking much of the action and the excitement with him. However, he did not bring State staff into problems in the same way he had worked with the NSC staff, and I heard he tended to work mostly with a few people on the seventh floor. He continue to be National Security Advisor until after President Ford took over. Combining the NSC and State jobs of course avoids any friction, but no normal mortal can really do either of these jobs let along both. After a little over a year at Treasury, Chuck Cooper moved to be the US Executive Director of the World Bank where his salary was considerably higher. That left me for a long period as the Acting Assistant Secretary of the Treasury for International Affairs.

Secretary Simon had split the international affairs function. In his view, anyway, he was bringing many of his previous energy responsibilities with him to the Treasury Department. He set up a second position as Assistant Secretary of the Treasury for International Affairs and had Gerry Parsky assigned to this second job. Gerry had been a Special Assistant to Simon at the Department of Energy. Most of Parsky's responsibilities dealt with energy and related matters. For example, Treasury set up what one would call a technical assistance program with Saudi Arabia and with some other Middle Eastern countries. Supervision of this program was handled by Parsky in the Treasury Department instead of in AID [Agency for International Development] or the State Department. The Saudis paid all the costs of the program, but Treasury had the job of finding and contracting the assistance firms and consultants. That was a new function in the Treasury Department, and it became what would have been the biggest technical assistance program in AID if it had been placed there. Parsky also had an office which dealt with trade and one for energy. Cooper was

responsible for international monetary affairs, all the international lending institutions such as the World Bank, Treasury's relationships everywhere except the Middle East, the attach#s, and a large research operation. Treasury chaired the NAC, the National Advisory Council, which coordinated US policy on international monetary and international lending matters. A couple of times Simon or Bennett chaired NAC meetings, but Chuck or I usually chaired, with working groups chaired by my staff.

We certainly had plenty of issues. My title was Deputy Assistant Secretary of the Treasury for the Developing Nations. My staff followed the economies of all the developing countries. I had executive responsibilities for relationships with the World Bank, the Inter-America Bank, the Asian Bank, the African Development Bank, the Export Import Bank which Treasury funded, and OPIC (Overseas Private Investment Corporation). There was a great deal of inter-agency coordination for approvals of loans and operations involving these development institutions. A majority of my time was spent on issues concerning the development finance institutions, including trying to get Congressional appropriation for them. I also spent considerable time on bilateral issues including expropriations of US investments. I was heavily involved in conducting an overview of Export-Import Bank operations. Chuck Cooper was a director of OPIC. When he was not in town, I attended meetings of the OPIC Board of Directors.

Q: OPIC is the Overseas Private Investment Corporation. That came under the Treasury Department, didn't it?.

BUSHNELL: No, it had its own Board of Directors. The Board consisted mainly of government officials, including the Director of AID [Agency for International Development], as well as a couple of private businessmen. The Treasury Department didn't control OPIC's operations. In fact Simon and Cooper believed OPIC should be closed down. Some of the issues raised at OPIC board meetings were contentious. Whatever Treasury official attended an OPIC board meeting was generally in disagreement with the rest of the board on several issues.

Q: What were the contentious issues?

BUSHNELL: Most of the individual guarantees were not contentious. However, the Treasury view was that this guarantee function could be largely, if not completely, privatized. It was not something that the government should be involved in. We suggested a consortium of private insurance companies to perform this function. OPIC was also getting into the business of providing technical assistance, which we felt was duplicating what AID could or should do. We felt OPIC was trying to justify bureaucratic growth, which we were against. Many of the individuals involved in OPIC, even thought they had been appointed by President Nixon and were Republicans, did not agree with our view. My OPIC experience demonstrated that one's position depends very much on where one sits. Most of the directors of OPIC favored privatization of government functions in general. But once they were appointed to the OPIC Board and had an organization to run, they were not in favor of privatizing it. This wasn't an issue that took up a lot of my time.

The biggest issues we had involved trying to get appropriations from the Congress for the World Bank and the regional development banks. This was my first experience with what was really a major lobbying effort. For the first time I had to testify frequently before Congressional committees. We had to deal with the Foreign Affairs and Foreign Relations committees to get the authorization of funds and then the appropriations committees each year for the annual appropriations and oversight. Although I persuaded Simon and Cooper to appear a couple of times before the full Senate Committee, they generally insisted that I handle the appearances before the subcommittees where most of the business was handled. Simon was reluctant at first to support large amounts of new money for these institutions, but, once we had convinced him to do so, he worked hard with letters and on the phone to individual members of Congress to get what we needed. During the two years I was in Treasury the replenishment of funds for most of these institutions came up. This was a laborious process. First we had to try to reach an inter-agency consensus on how much and under what conditions the U.S. would contribute. Then we had to get

approval from OMB and the President. There was then a major international negotiation, often with several meetings around the world and a need to modify positions somewhat. Then we had to get Congressional authorization and annual appropriations.

One of the more personally satisfying matters I dealt with at Treasury brought me back to my Latin American roots. When I got to Treasury, I found one of the pending stalled issues was permitting the European countries and Japan to join and contribute to the Inter-American Bank [IDB]. At that time, in 1974, only countries in the Western Hemisphere, including Canada, the U.S., and the Latin American countries, were members of the IDB. Thus the U.S. with a little assistance from Canada had to provide most of the convertible funding. However, the European countries and Japan were interested in joining the IDB and putting up substantial amounts of money provided their contractors and suppliers could then compete equally with those in the U.S. and Canada for the IDB business. When I left the Treasury, Congress was not providing as much money to the IDB as I would have liked and as we had promised. However, because we had agreed to bring the European countries and Japan into supporting the IDB, the Bank was actually expanding its lending at a faster rate then earlier and our contribution could still be smaller.

The negotiations to expand IDB membership were very difficult and often became petty. I thought the main issue was, and most of the European countries agreed with this view, that the European countries should make a relatively large, up-front payment unmatched by the United States, which would essentially be their payment to become exporters to ongoing Bank funded projects. We had a target of $500 million which we thought the non-regional countries should contribute, and for some years they had not been willing to come up with that much, in part because there was no clear formula for sharing the amount among them. That was the major issue. I worked with IDB President, Ortiz Mena, to get Japan, Spain, and the Dutch to give us private assurances of quite large contributions. We then went to other countries and got them to promise to contribute in relation to the contribution of another country without knowing what that would be. For example, I don't remember the exact figures, we proposed Germany agree to contribute twice as much as

Spain and the Italian as much as Spain, the Scans twice the Dutch. Then at a meeting the core countries announced what they would do; the others generally stuck to their private commitments although it strained a couple. We had $490 million and a couple of private promises of a little more soon.

When that basic agreement was reached, there were several difficult, but not important, issues remaining. One of them was how many members the non-regionals should appoint to the Board of Directors. We did not want to dilute the Board by having a whole slew of Europeans who had made only small contributions to the bank. If this happened, the Europeans would tend to dominate the Board of Directors. Our position was that the non-regional countries as a group should not have more than two members of the Board. The European countries found it was hard to live with only two directors. The issue was which countries were going to hold these positions. They wanted more. Nothing like high-paying jobs to excite bureaucrats! The Latin Americans were not too happy with giving the non-regionals two seats, because with the U.S. and Canada donor countries would have a total of four directors and the Board would be much more donor oriented.

There were other issues, such as how many positions the non-regionals would get on the staff of the organization. Our position was that the staff should stay at the existing level. Of course, new hires could be from any from member countries. Non-regional citizens would be eligible for employment and could be hired as needed, whereas the European countries wanted guaranteed additional positions. After quite a bit of negotiation conducted at a distance, we finally had a meeting chaired by the Germans in Bonn. I headed the delegation; State was the only other agency represented. Early in the meeting I indicated that this was the moment to reach agreement because, if there were not agreement now, the Congress might include a provision in our law requiring that we could not agree to non-regional entry for less than a billion dollars. Congress was not actually considering such a provision but would have if I had made two phone calls.

We met for a couple of days and then, finally, on the last day, we worked straight through the night. We finished this negotiating session at 6:00 AM. I had a plane to catch which left at 8:00 AM. In these negotiations we preserved all of our essential positions. We then arranged to have this agreement approved by the respective, member governments. On our side there was something called the National Advisory Council [NAC], composed of representatives of the Federal Reserve Board, the Departments of State, the Treasury, and Commerce. Treasury chairs the NAC. The Department of State represented by EB [Bureau of Economic Affairs] was all in favor of what we had negotiated. No objections were expressed by anyone.

Ultimately, the point was reached when the governors, generally Finance Ministers, of the Inter-American Development Bank gathered in Washington to approve this expansion and admit the new members. I was the temporary US governor, as Bill Simon was not going to take his time to represent the United States at what he saw as a procedural meeting. I had just gotten home at about 8:30 PM on the night before this meeting was held when Larry Eagleburger called me.

Q: He was Undersecretary for Management in the State Department.

BUSHNELL: Yes, but he was also special assistant to Secretary Kissinger, and it was in that capacity that he was calling. He said: “John, we have a problem.” I said: “Well, what problem do you have?” He said: “You know, there is this business of the expansion of the Inter-American Development Bank [IDB].” I said: “Yes, I'm going to the IDB governors meeting tomorrow morning. What's the matter?” He said: “Well, the memorandum went up to the Secretary for approval. EUR [Bureau of European Affairs] was in favor of it, as was EB [Bureau of Economic Affairs] and ARA [American Republic Affairs]. However, Kissinger said: 'No.' He said that $500 million wasn't enough money from the Europeans. He said that, if these countries wanted to join the IDB, they would have to pay in a lot more. Why should we want them as members of the IDB?”

Q: Eagleburger would have been concerned because of the budget issues.

BUSHNELL: I don't think Kissinger's opposition was because of the budget, and I don't think Larry himself had a position.

Q: Eagleburger was a Kissinger prot#g#.

BUSHNELL: He was a Kissinger man. He was calling me because Secretary of State Kissinger had just addressed the decision memo and given it to him for action. Probably EB had told him I was the Treasury action officer or perhaps the decision memo said I would be representing the United States.

Q: You had known Eagleburger when you were on the NSC [National Security Council] staff?

BUSHNELL: I had known Larry Eagleburger since my first State assignment in INR in 1960. INR was his second assignment and my first. We had gone to Washington Senator games together, and Ann and I had played tennis with the Eagleburgers. Also I had worked some with him when he was on the NSC staff in 1973. I suggested Kissinger should call Bill Simon [Secretary of the Treasury] and tell him what he thought. Larry Eagleburger was more embarrassed than anything else. He ended the short conversation saying Kissinger would not call Simon and I was on notice that I did not have State's approval to vote for the expansion. I understood the problem. My colleagues in EB, who had been working with me on IDB expansion for months, had not kept their Secretary informed. Now at the end of the effort, he was presented with a negotiated deal he did not like.

I did not call Simon at home and ruin his evening. The following morning I went into his office at the Treasury and told Bill Simon about the phone call I had had from Larry Eagleburger. Simon said: “Oh, that s.o.b., does he think the world runs on his clock? Just go to the meeting, and I shall call you once he agrees to talk to me.” I checked back

with Secretary Simon before I went to the meeting, which was to be held at 11:00 AM, or something like that. Simon still hadn't gotten in touch with Kissinger, but he again said that he would let me know when the issue was worked out.

I didn't know what to do. The Secretary of State seemed to be trying to stop this expansion of the membership of the Inter-American Development Bank [IDB] after over 40 countries had negotiated for years and had finally agreed on a deal . IDB governors and senior officials from the joining countries had come to Washington from all over the world for that morning's meeting. I went to the meeting and got together with my friend the President of the IDB, who was chairing this meeting. I told him I had a little problem and said in general terms what it was. It had been arranged that we would first vote on the proposed expansion and then deliver statements about it. I asked him whether we could reverse this sequence and have the statements first. I said that this would allow time for my problem to be worked out. He changed the schedule and invited those attending to make their statements prior to the vote.

Statements were being made for a couple of hours, and I didn't know what I was going to do when it was time to vote. If I had been a political appointee or even a career Treasury officer, I would probably have been comfortable voting for the expansion of the IDB on the basis that it had been properly approved within the government through the NAC. But as an FSO planning to return to State in another year, I could see dire consequences of going against the wishes of Kissinger and Eagleburger. I wished I had persuaded someone else to chair the delegation to this meeting. Fortunately, at about 12:30 I was called out of the meeting for an urgent phone call. Simon told me Kissinger now agreed to the expansion as negotiated and I could vote without any reservations!

Q: Somebody had persuaded him.

BUSHNELL: I don't know what was said between Simon and Kissinger. Perhaps Secretary Simon just explained to Secretary Kissinger that this issue had already been negotiated

and that it was too late to change anything. In recounting this incident in a small staff meeting the next day or so, Simon said he told Kissinger the IDB was none of his business. During an informal moment on one of the later international trips I took with Simon, he mentioned that Kissinger did not work at running his department and he had told him more than once he was supposed to know what was going on in the State Department. However, he did not relate this comment to the IDB matter although it seems to apply.

Q: What did you think of Simon as Secretary of the Treasury? Did you see much of him?

BUSHNELL: Oh, yes, I saw him frequently. He was a good Secretary of the Treasury. He had a full understanding of the major issues and was cooperative on smaller matters if I took them to him. He gave me strong backing even when he may have thought my position was a little further than he would prefer to go. He had strong views, and he was a good negotiator. He worked hard on getting what we needed from Congress, but he disliked being put in a position where many Congressmen thought he owed them a favor. I was lucky to have his support and to have an opportunity to work for him for a couple of years.

Q: He was very private sector oriented. I interviewed him a couple of times when I was at USIA [United States Information Agency]. At that time I wrote some articles for the Wireless File [daily, UNCLASSIFIED summary of developments within the U.S. which was sent out to posts overseas by cable]. Simon was very clear minded and spoke very forcefully.

BUSHNELL: We were earlier discussing Al Haig. There is some similarity between Simon and Haig. They both know their own minds, which makes it a lot easier to work with them. They are both articulate. You know where they stand and where you stand with them. They listen carefully to your arguments. One of the issues on which I spent much time with

Secretary Simon and on which we had some intensive discussions and disagreements was the Panama Canal. At that time negotiations on the Panama Canal were going on.

Q: Didn't the Panama Canal issue come up a little bit later?

BUSHNELL: The negotiations were going slowly during the time I was at Treasury. Finally, they were suspended. Secretary Simon was opposed to giving up the Panama Canal and to a treaty on the Law of the Sea. He thought neither one moved things in a constructive direction. He thought it was nonsense for the U.S. to engage in these negotiations. I seldom attended those negotiations myself, but my staff did, and I was responsible for setting the Treasury position on a day-to-day basis. We tried to introduce some sense into the law of the sea, in particular the mining sections, but without success. Secretary Simon attended cabinet level meetings on both the canal and law of the sea a few times to urge that we just withdraw from the negotiations.

Q: Was Elliot Richardson [Attorney General] involved in these negotiations?

BUSHNELL: Yes, he was. Simon saw no reason for us to give up the Panama Canal. We had built it, and it was ours. However, our continuing to own it was creating a big problem in Latin America. I finally asked Simon in a kidding way, “What's the Government doing running a canal?” He said: “Yes, we should privatize it.” I said that was another solution, but maybe we should give it to the Panamanians in a way that would lead to privatization. Secretary Simon backed off his opposition to the negotiations, but he was pleased when the negotiations were suspended.

He was very supportive in all the negotiations where Treasury was the lead agency. We had lots of problems with the World Bank. In our view the World Bank and Robert McNamara, its President, were just handing out as much money as they could instead of focusing on what would generate growth in the poorer countries. The World Bank was promoting a great deal of socialism, for example by financing the construction of chemical plants and other industrial operations instead of strengthening the policy structure so the

private sector would develop these industries. We took some strong positions against the Bank in this regard.

Q: McNamara was applying to the World Bank what he had tried to apply in Vietnam, starting with this array of economic guidelines.

BUSHNELL: He had lending targets. He saw the role of the World Bank as getting the money moving. He felt he had to move substantially more money each year. However, McNamara was propping up some countries with really terrible economic policies; such countries borrowed more and more despite little real economic progress. The Bank was not getting the policy improvements we thought it should get. The result of this overactive growth was that the World Bank's credit rating was weakening. Ed Yeo, who became Undersecretary [of the Treasury] when Jack Bennett left, was a banker. For a long time he and I had monthly meetings with McNamara, usually alone, to hash over some of these contentious problems. McNamara would usually try to get us into a discussion focused on statistics. It wasn't really the statistics as such which were at issue. It was the policies and performance of the World Bank.

Q: McNamara saw everything as a matter of numbers, didn't he? He must have thought that he was still at Ford Motor Company.

BUSHNELL: He held the view that in almost every country in the world more money would yield faster growth. That was not our view. We believed policies were more important than money.

My two year assignment in the Treasury Department was a very busy time. Fortunately, I had a good staff and was able to expand it as necessary. Most Treasury professionals doing international work were good officers. My staff included people like Jessica Einhorn, who is now Treasurer of the World Bank, whom we hired soon after I got to Treasury as a junior economist.

Q: Was Ellen Frost there?

BUSHNELL: Yes. As it turned out, most of the people I recruited were women.

Q: Did you recruit Ellen?

BUSHNELL: I hired her. Somebody else had already recruited her. Our people went to the American Economic Association Annual Meeting and got in touch with some good, young people just finishing their PhDs. As I recall, Ellen was one of the best among the batch of applicants. Alice Dress who, I believe, was later at State was another.

Q: You worked on the IFC [International Finance Corporation].

BUSHNELL: Yes. We had a dilemma. My biggest, single concern was that in setting up these development banks, including the World Bank and the various regional banks, the world community had over-emphasized the public sector. Basically, these banks made loans to governments. When loans were made to the private sector, they had to be guaranteed by the host government. This public sector bias was an invitation to governments to handle economic activities that were better left to the private sector. The World Bank argued governments' guarantees were necessary to preserve their high bond rating. But the result of excessive pressure to lend was such problems as loans to develop the chemical and petrochemical industries and to undertake oil exploration. These involved things which the private sector, both domestic and foreign, could do more efficiently than state enterprises. There was no reason for American taxpayers to be supporting what in effect became World Bank competition with the private sector coupled with corruption in state enterprises.

Because of this public sector bias, at an earlier stage the IFC had been created as a part of the World Bank group to take equity in and make loans to private enterprises. When I reached the Treasury, the IFC was running out of capital. There were no proposals to increase the capital of the IFC. There were only proposals to increase the capital of

the World Bank. I thought this was a terrible imbalance. As much as we had problems with Congress in obtaining funding for the IFIs, as the development banks were called, IFC financing was a fight worth making. When I presented the IFC problem to Secretary Simon, he was delighted to take on an issue about which he felt strongly. I recommended that we take a strong position and say: “We're not just going to keep pumping up the World Bank. There has to be balance. There has to be a major expansion of the IFC, before the Bank gets more money.” Secretary Simon made a speech indicating the U.S. wasn't ready to increase support for the World Bank and its soft-term window IDA without expanding the IFC. There really wasn't much resistance. Everyone appreciated that the IFC was sort of an orphan of the World Bank. McNamara didn't care much about the IFC, but he wasn't particularly against our proposal. We arranged for a large expansion of the IFC with substantial contributions from almost all developed countries.

Then I had the problem of selling this IFC funding to the Congress controlled by the Democratic Party. The Democrats were more inclined to support the World Bank than they were the IFC. However, we managed to obtain their support for an expansion in the activities of the IFC. I convinced some key democrats to support the IFC funding because otherwise Secretary Simon and Treasury would not support World Bank capital increases.

Q: I guess the concept had been accepted that the IFC was trying to promote free markets and private enterprise. The World Bank handled big, infrastructure projects.

BUSHNELL: Yes, the World Bank funded big infrastructure projects. The problem with the World Bank was that you can “make outstanding deck chairs for the SS TITANIC,” as it were, without having accomplishing anything lasting. There were various World Bank projects around the world which, while sound as projects in isolation, didn't contribute much to overall development because the economic policies of the host countries were so poor. Failure of the Bank to negotiate or enforce policy improvements meant that the multiplier effect one would expect from a large successful project did not occur. In many cases the poor host country policies even destroyed the effectiveness of the Bank project..

Our fight over the IFC and the Bank's poor policy performance was during 1975 and 1976, but the World Bank did not fully change its behavior for a decade or so. Jessica Einhorn, then a member of my staff and now Treasurer of the World Bank Group and its highest ranking woman, commented to me a couple of years ago that she was amazed at how many things that we had pushed for, really without much success at the time, are now accepted gospel at the World Bank.

Q: You must have spent a fair amount of time dealing with Congress on all of these subjects, because that's where the money is.

BUSHNELL: That was an important aspect of my job.

Q: Did you testify often before Congressional committees?

BUSHNELL: Yes. I testified before committees of both Houses of Congress. Each year we would have budget hearing on all of these institutions to which the U.S. contributed. Then we also had to appear before the authorizing committees of Congress for each replenishment of funds before we could formally agree to the contributions. Each IFI's was usually replenished for a period of three years, but they all had replenishments during my two years at Treasury. I would testify, and I would work individually with members of Congress. We had a program which we organized for members of Congress to visit projects financed by the IFI's around the world. The State Department and the press called these trips junkets. But I found them very useful opportunities to develop needed Congressional support. During these trips there was time to answer the questions of both members and their key staff and to build relationships essential when voting time came.

Q: I always thought that trips like that were very important. I didn't have much sympathy with people who protested that these trips placed too much of a burden on our Embassies. Loy Henderson used to claim that one of the most important things which our Embassies

can do is to take "good care" of any Congressman, Senator, or member of the staff of any Committee who visits a given country, no matter what the circumstances.

BUSHNELL: We always had good cooperation from our Embassies, but we relied on the international banks to organize and support these trips rather than on the Embassies because they had more money available to take care of the visitors. Since we were visiting their projects, they could give us briefings on the programs and could also organize the host government officials to meet with the Congressional visitors and explain why the projects were essential for development. Of course, we usually had an Air Force plane for the flights, and embassies often staffed a control room to help the members with any problems. I tried to avoid visits to capitals where there were lots of distractions and lots of officials to see. That was not what I was trying to do. I was trying to get these Congresspersons out where they could see that a project had been implemented which had changed the lives of poor people in the country. There was also a lot of equipment involved in these projects and lots of jobs supported by the purchasing under the IFI contracts. Creating jobs was one of our main selling points to many Congressmen. Major exporters and their unions were among the few domestic constituencies for IFI funding.

Q: Do you recall some specific examples, both in terms of projects and the individual Congressmen or Senators who went on these trips?

BUSHNELL: One example, the annual meeting of the IDB [Inter-American Development Bank] was held in the Dominican Republic in 1975 just before the Congressional spring or Easter break; replenishment of the IDB was pending. Trips were always organized when Congress was in recess. Four or five Congressmen and numerous Congressional staff came to the Dominican Republic for the last day of the IDB meeting. Steve Gardner, who was the Deputy Treasury Secretary, lead the trip. After the IDB meeting and visiting a couple of IDB projects in the Dominican Republic we went to Cali, Colombia, where we visited road construction and port projects.

Q: You went on this trip?

BUSHNELL: I usually went on these trips. There were several good IDB projects which we visited in the Cali Valley in Colombia. Then we went to Guatemala and visited a pipeline and treatment project which was providing potable water for Guatemala City, as well as a big dam project. This stop also gave the Congresspersons an opportunity to see something of the Indian culture. Then we went to the Yucatan Peninsula of Mexico and saw some potable water and small-scale agriculture projects; we also visited the Mayan ruins. One of the great advantages of such trips was that it gave me a chance to talk individually with the Congresspersons and to lobby for their votes. The World Bank and IDB were particularly good at organizing these trips. These were all part of our efforts to educate members of Congress on what the IFI's and their projects were all about.

Q: The Development Assistance Committee [DAC] of the OECD [Organization for Economic Cooperation and Development] was interested in organizing international support for all of these kinds of development projects. Was Ed Martin interested in these projects? Were his comments on these projects relevant to what you were doing there?

BUSHNELL: We didn't have much to do with the DAC; it was handled by State and particularly AID. Treasury objected to the way the contribution to development assistance was calculated, but we raised this issue with State and AID, not directly with the DAC. I never went to a DAC meeting while at Treasury, and I do not recall seeing Ed during this period. There was little, too little, interface between AID [Agency for International Development] and the World Bank and the regional development banks. AID saw the appropriations for the banks as competitive with the appropriations for AID both in the OMB reviews and in Congress. I tried repeatedly to get more input from AID experts and technicians in the review of IFI proposed projects. But handling of IFI matters was assigned to AID's policy and programs office which had an academic approach and seldom involved the regional AID offices in reviewing IFI projects.

The State Department tended to feel that AID was in some respects subservient to it. AID was not considered a full member of the NAC [National Advisory Council]. One of the things I changed was to get rid of this distinction between full members and observers. I tried to persuade AID to review IFI lending programs for countries where AID had substantial programs and suggest points Treasury should raise with the IFIs. Because we had only limited staff and, certainly, limited country expertise, I tried to persuade AID to help us out. Most of the people I had working on the regional development banks had never served overseas.

Q: Were you somewhat concerned with the UNDP [United Nations Development Program]?

BUSHNELL: The UNDP was substantially financed by the World Bank. The UNDP is one of the big technical assistance contractors on many World Bank projects. I preferred looking to the private sector for technical assistance. It's hard to generalize, but among the worst IFI projects were those which were promoted by and technical assistance handled by the UNDP “gang” in Vienna.

Q: You mean UNIDO.

BUSHNELL: Thanks. UNIDO, the United Nations Industrial Development Organization, receives much of its funding from the UNDP. Among other things, UNIDO promoted the construction of public sector petroleum, chemical, and paper plants with World Bank financing.

Q: Going back to ancient history, I was in IO [Bureau of International Organization Affairs in the State Department] in the late 1950's. I was working on the papers leading to the creation of the UNDP by amalgamating the old UN “Special Fund” and the “Special Program of Technical Assistance,” which led to the establishment of the UNDP. The theory was that there was a need for some focus, within each developing country, to

coordinate what all of the different bilateral and multilateral donors were doing, so that they wouldn't be competing with each other. The idea was that there should be harmonization and cooperation among these donors. The sense at that time was that the UN Resident Representative in each country was an official of the World Bank.

BUSHNELL: The World Bank had officers resident in a few countries with large IBRD programs such as Colombia when I was there. But, generally, the World Bank practice has been to have people travel out of Washington, rather than live in the country concerned. In my experience the UN resident rep has seldom been from the World Bank; in fact generally the World Bank has little to do with the UN resident rep, and the rep is not even familiar with IBRD projects except where they finance UNDP technical assistance. I was not a fan of this World Bank practice of operating mainly from Washington. I think it makes it harder for the Bank to have a broad dialogue with the host country on economic policy. I agree that technical people can work from Washington with frequent visits. People from Washington may do well in rearranging the deck chairs on the deck of the SS TITANIC, but one needs people living in the country to pay enough sustained attention to the ship as a whole and where it's going. In my experience, when the Bank has had Resident Representatives, it has been a very good thing. A Resident Rep from a technical assistance agency does not have the same interests or clout as a Bank representative. Only now, with the present Bank management under Wolfensohn, a large part of the Mexican office, for example, has been moved to Mexico City. I did not have a lot of support in Treasury for my view; Treasury was not in favor of having World Bank people resident in the field, in part because it was more expensive.

In the Treasury Department the IMF [International Monetary Fund] was the number one international organization. It had the most direct effect on the United States. Also the views of the IMF staff were closer to those of Treasury than any other organization. A widespread view in the Treasury was that the IMF didn't have enough people in the field; I did not share this view. In fact, the IMF had quite a few people resident abroad, providing

technical assistance and advice to central banks around the world. I would have been quite happy if the World Bank did as much policy advising as the IMF.

Q: There was the issue of special drawing rights. That was a hot issue at the time, wasn't it?

BUSHNELL: That was a perennial issue. I did have one amazing experience in that connection. In September, 1995, there was a special session of the UN General Assembly to deal with development issues. Some developing countries thought they could get more concessions in the UN General Assembly than they were getting in UNCTAD. Some saw such a special session as a way to blame the poverty in their countries on the rich countries. During preparations for this special session, Kissinger, who was then Secretary of State, thought the U.S. should have a more forward-looking position. He thought we should make some policy changes helping developing countries, but he himself did not have any particular suggestions. He planned to make a major speech at this special session of the UN General Assembly. He assigned Tom Enders, who had come back from Cambodia to be Assistant Secretary of State for Economic Affairs, to develop this speech and the policy changes. Of course, many of the issues that Kissinger might raise in this speech were really in the area of responsibility of the Treasury Department. For some period of time it seemed that virtually every evening Tom Enders was coming to the Treasury to thrash things out with Chuck Cooper and me. At times Paul Boeker, his financial DAS, would come with him.

Secretary of the Treasury Simon wasn't at all sympathetic to Kissinger's view. He would say: “Why should we make any concessions. What concessions are the developing countries making? The UN is Kissinger's job. Tell him to go to the UN General Assembly and explain how good our current policies are.” Most of the ideas that Tom Enders came up with were either awful economics, unworkable, or something that we could not get Congress to support.

Q: Let me focus this more carefully. Kissinger gave the opening speech in Nairobi in 1976. Did he also give a speech at this Special Session of the General Assembly in 1975? . BUSHNELL: Yes, in 1975. I don't recall how the 1975 Special General Assembly related to the UNCTAD Conference, if it did. There was tension between UNCTAD and the UN General Assembly. This special session of the General Assembly was held in New York in September 1975. The LDCs [Less Developed Countries] had their agenda pretty well in mind regarding where we could move forward. We in Treasury were willing to make some moves toward a more flexible policy on compensatory financing through the IMF [International Monetary Fund]. There were some other small things Treasury was willing to support. However, by and large, there wasn't much new substance to the speech drafted for Kissinger, though we had put many hours of work into it. Kissinger, less unhappy than I had expected, went to the UN and gave the speech. Subsequently, this Special Session of the General Assembly went on for two or three weeks as the LDCs tried to negotiate policy commitments in a final resolution. Two or three members of my staff were in New York participating in negotiations on the resolution. They reported back to me that nothing was happening and that everything was in disarray. There were only small contact groups working, and nobody seemed to know what they were doing. Frankly, I wasn't paying a lot of attention to this Special Session of the General Assembly. I relied on my staff to let me know if something important came up. Toward the end, my staffers said they didn't know how this Special Session would conclude because there was no way we could agree with what many other countries were advocating.

The meeting was scheduled to conclude on a Friday. I went to work that Friday as usual. Apparently, at some early morning, cabinet-level meeting this disarray at the Special Session of the General Assembly came up. A decision was made by Secretaries Simon and Kissinger, Brent Scowcroft [National Security Adviser], and others that this session and our delegation were out of control. They decided to send Tom Enders [Assistant Secretary of State for Economic Affairs] and me to New York to get it back under control. That was the instruction I got from Simon. There was no definition of what “back under

control" meant, and certainly there was no high level decision to change any policy. Simon said something to the effect, "Use your diplomatic skills." I grabbed my briefcase, went to the airport, took the shuttle to New York, and went to the US Mission. Tom Enders arrived in New York at about the same time. We both expected to wrap up the session and return home that night. We found there were two contact groups working on the outstanding issues. One involved trade and commodities and the other finance and invisibles. Tom suggested that I take the finance group and he would deal with the trade group.

Someone from my staff took me across the street to the UN where these groups were meeting in secret session, and I sat down behind the sign of the US Delegation. It was about 2:00 PM. There was a paper on the table which appeared to be a draft resolution. I read it and immediately saw that there were several unacceptable aspects to this draft. I asked the USUN officer I had replaced in the US chair whether the US Delegation had spoken on this matter. I was told, "No," so I asked to speak. When my turn came, I began to go through the resolution and indicate problems we had with it. To my great embarrassment and that of my staff and the other members of the US delegation, the Chairman of this working group interrupted me and asked whether I was aware of who had introduced this document. I said I was not. He said it had been introduced by the US Delegation!

Q: Then you found out how things were done...

BUSHNELL: And what "out of control" really meant. I was at least a little nonplused, but I was able to say: "Well, you will observe there have been some changes in the US Delegation." I said that we had come from Washington to help bring this session to a conclusion. Our instructions were not to agree to any resolution which was not consistent with positions which I had been explaining. We went on from there, although to this day I never found out whether any member of my staff was involved in producing that paper to which I had objected. I decided not to look too deeply into the matter. At any rate, no

agreement was reached on much of anything. The meeting broke for dinner and then continued well into the night. It was decided to come back the next morning, Saturday.

Q: So it was as if you were back in UNCTAD [UN Conference on Trade and Development].

BUSHNELL: Yes, it was like UNCTAD, and with some of the same people participating. There were quite a few people there that I knew from Geneva but few that I knew from contacts at Treasury with developed countries. We continued on into Saturday. One of the major issues was that the developing countries wanted some commitment on the creation of SDRs [Special Drawing Rights] for development purposes. They had long wanted to initiate the creation of SDRs for development because creation of SDRs would not be limited by the national budget processes and legislative approvals needed for bilateral and even multilateral aid. We were strongly opposed to such SDR creation because it would be inflationary and, once some international mechanism began financing development this way, it would be hard to limit the amount of such free money or place the necessary self-help conditions on it. Eventually, I introduced some language that indicated some studies would be done on the SDR question without committing anyone to anything.

I had called Washington on this proposal. I discussed it with Chuck Cooper, and the language was discussed and approved there. I was instructed to work closely with the German Delegation on this matter. I contacted the DCM [Deputy Chief of Mission] of the German Delegation to the UN. Germany was not a member of the contact group, but I found he had been instructed to stay nearby in the hallways to maintain contact with the US delegation. I told him what I intended to do. He said: "You'll have to wait. I will have to get instructions on this. It's already night time in Germany, but I'll get to work on it right away."

The meeting dragged on. About 9:00 or 10:00 PM on Saturday night, New York time, about 3:00 AM on Sunday morning in Bonn, I was called to the phone to talk to Helmut Kohl, the German Finance Minister. His English was clear especially for the middle of the

night by phone. He asked me about the SDR language. I told him what I was proposing really didn't represent any change in the US position but only an agreement to more studies. We were trying to resolve this UN session diplomatically. He said: “Alright, we'll go along with that, but don't go any further!” I said that this was our intention. He said: “Keep in touch with me on this. I'm available for consultation, day or night!” If I had ever had any doubts about how concerned the Germans were about inflation, this incident certainly put them to rest. Germany, and more quietly Japan were about the only countries that shared our opposition to SDRs for development.

We continued on into Sunday. I had gone to New York with no change of clothes, since I didn't plan to spend even one night there, let along two or three nights. I had to go out and buy some clothes; the US Mission arranged a hotel room although I only got to it in the wee hours and had to be back in the contact group by 9:00 or 10:00 AM, after talking with Washington first. The negotiations were still continuing Sunday afternoon.

Daniel Patrick Moynihan was the relatively new US Ambassador to the UN and the head of the US delegation once Kissinger left. Moynihan had been Ambassador to India until earlier in 1975; he had been an assistant to presidents, a professor, and a cabinet member; he had a reputation for original thinking. While we were sitting around waiting for a LDC caucus to break, Moynihan said: “You know, it's ridiculous, going on like this. We just ought to leave. Why don't we walk out when the next meeting starts?” Tom Enders and I thought that was a good idea. So we walked out. After a while various representatives of the developing countries and from the UN Secretariat came to us and begged us to come back to the meeting. We went for a relaxed dinner at a Chinese restaurant, but we finally went back to the endless negotiations. The meetings finally broke at 3:00 AM Monday morning, to resume later that morning. I had given up my hotel room, so I just slept on a couch in one of the offices for ambassadors at the US Mission.

Ambassador Moynihan came into the Mission conference room about 9:00 AM and said: “Why don't we make a major commitment to end this meeting? Why don't we commit to

contribute 1% of GNP [Gross National Product] for development as a target?" The target then in the draft resolution was 0.7% of GNP, and the US had accepted this level of target some years earlier although, in fact, our contribution was substantially less and was not expected to increase significantly. I had been resisting attempts to make the target more binding. Agreeing to a large increase in the target would have implied a commitment to big increases in aid which neither the Administration nor the Congress would support.

Q: I don't think that we ever had previously gone above 0.7% of GNP.

BUSHNELL: We had never agreed to a firm commitment of even 0.7% only a target of that level with the timetable to reach it unspecified. I said we couldn't agree to a higher target. For one thing, I had spent months talking to Members of Congress. We couldn't get appropriations to maintain our current level of assistance, let alone more. Others on our delegation said: "Oh, it doesn't matter. We'll just agree to a resolution; its only words. It's only a UN resolution. It'll make it possible for this meeting to appear to have accomplished something and end without being stalemated." I said we needed approval from Washington. Finally Ambassador Moynihan said: "Let's just do it. I'm the head of this delegation and can make a decision that will get this meeting over. I'll worry about Washington later."

I found this approach pretty alarming, especially since this concession would be made in the contact group where I was the US rep. I immediately called Chuck Cooper at the Treasury in Washington to obtain instructions. He wasn't available, so I talked to Secretary of the Treasury Simon. He told me to hold the line with him while he consulted others. The next thing I knew, the phones began to ring, and I had James Lynn, the Director of OMB [Office of Management and Budget], Brent Scowcroft [National Security Adviser], and Secretary Simon on various phones. They all had the same message, that it was unacceptable to commit to a target of 1.0% of GNP. I kept telling them that I knew this was unacceptable, but they would have to instruct Ambassador Moynihan to this effect. Eventually, I asked them to talk to each other and Secretary Kissinger, and I got out of

the conversation. I went to the working group meeting, which fortunately was dealing with other issues. Before long an officer from the US Mission came to tell me Ambassador Moynihan was instructed that we were not to commit to 1.0% of GNP.

That afternoon the meeting ground down with a resolution that changed few positions from where they had been three weeks before. I think Ambassador Moynihan's intentions were good, but I don't think it was up to him to say that we would make our best efforts to increase aid when we clearly weren't going to get an increase through either OMB or the Congress. Clearly, the senior Washington officials felt it would be misleading to agree to such a resolution. Making such a commitment in the UN was not an appropriate way to handle an issue like this. If we had had a considered decision to increase aid, Kissinger would have announced it in his speech — or the President would have made the speech.

Q: Today is January 23, 1998. John, the last time we were talking about your assignment to the Treasury Department. Would you refresh our memory as to where we are now and, indeed, do you have some additional thoughts that you would like to go into?

BUSHNELL: During my two years on detail to the Treasury Department there were, perhaps, two or three main themes and one question of procedure or style that tended to dominate my work. Maybe, if I go over these, at the risk of a little bit of repetition, and put them under these headings, it would make somewhat more sense. Perhaps the dominant substantive issue or approach was that in the Treasury we tried to focus on effectiveness in the use of resources for development, rather than on the volume of resources.

Q: Quality rather than quantity.

BUSHNELL: Right. There's no limit to the amount of money some countries can waste. If a country has bad economic policies which do not encourage the effective use of resources and if a country takes actions which prevent a free market from working, it can waste a great deal of money, both its own and money that comes from aid donors. On the other hand, if a country follows good policies which let the market work for it, resources

tend to be used efficiently. It was my observation that, where good policies were being implemented, there was plenty of money available, particularly money from the private sector.

There were adequate amounts of money for development. The more political view articulated by some developing countries in the UN and UNCTAD, demanding more money because there were lots of poor people in the world, ignored the question of how effectively money was being used. I don't mean just wasting money through corruption, although that is one way of wasting it. Usually, dictators and military organizations waste a great deal of money which could have been spent helping the poor. However, many developing countries followed economic policies that were far from optimum. For example, we objected repeatedly to loans to Ecuador by the World Bank and, to a lesser extent, by the IDB [Inter-American Development Bank] because, despite the world energy crisis, the Ecuador government continued to mandate the price of its domestically produced gasoline at, as I recall, something like 10 cents a gallon. This pricing resulted in a great waste of oil within Ecuador. If the Ecuadorians had used their oil more efficiently, they could have exported more and thus earned more than enough money for the development projects they were asking the World Bank to finance. This policy also distorted the use of resources within Ecuador substantially. No one wanted to invest in the petroleum sector. We couldn't see any justification for asking our Congress, in effect, to subsidize the low cost of gasoline in a country like Ecuador. At the time we weren't successful in getting policy changes. Most of the proposals to extend loans to Ecuador were approved after we spoke against them. We generally did not vote against them, in part because the State Department did not want us to create bilateral issues with Ecuador. It was many years before Ecuador moved toward remedying the problem of the artificially low price of domestically produced oil products.

Many developing countries are reluctant to collect domestic taxes to promote their own development. They prefer the politically easier route of getting the funds from abroad, if somebody will provide them. However, we thought that reasonable tax structures

and enforcement were important and countries should try to tax their private sectors significantly before coming to the international community for assistance. Obviously domestic taxes are the only way to finance expanded social services over the long run. Equally obvious, taxpayers in the U.S, and other developed countries should not pay for social services in developing countries when equally rich or middle-class citizens of those countries do not pay significant taxes. Not everyone in developing countries is poor, but unfortunately often those who can afford substantial taxes have the political power to avoid paying. This problem is one reason effective democracy is important to development.

Effective use of resources was a theme we repeated in various ways in speeches in the international financial institutions throughout the two years I spent in the Treasury Department. It was an issue that Secretary Simon felt very strongly about. He later wrote a book where this was the basic theme. The book focused more on the U.S. where we too often do not use resources effectively. I was even tangentially involved in some of the things that Treasury was doing on the domestic side such as bailing out New York City, which was making very inefficient use of resources. Simon said New York City was like a developing country and I should use my staff to analyze it the same as we did foreign countries. For example, civil servants in New York were working very long hours during the final year before they retired, since the retirement annuity was based primarily on the income during their final year of employment including overtime. Then they would retire at around 150 percent, in many cases, of the pay which they were making just a couple of years before. Of course, this benefit was a great cost to the City of New York. There were a great many other problems in terms of the efficient use of money in New York City. Briefly, the Treasury bailed out New York City by extending a loan guarantee and setting up an independent financial control body, a version of what is now known as the Washington Control Board.

Treasury got involved in welfare reform because Secretary Simon believed welfare should not be considered something to which people have a right, rather it was a means of helping people who found themselves temporarily in desperate situations. Secretary

Simon favored incentives for people to work, and particularly not to cheat the welfare system. This problem was brought home to me by one personal experience. On one Saturday I was, as usual, in my Treasury office. I shared the suite with another Deputy Assistant Secretary, who was working on welfare reform. We each had a secretary, and they shared the outer office. His secretary was working on this Saturday, and she went out for sandwiches for both of us. As we ate in the outer office, we began discussing welfare on which she was typing a long paper. She said she didn't understand all of this business about welfare reform. She said: “Doesn't everybody who is Black receive welfare payments?” I said: “No, you only receive welfare payments if you are needy.” She said: “Well, I get welfare payments.” She was a GS-7 or GS-8 secretary [Civil Service ratings], and her husband worked also. Their total income was enough to live on comfortably; this was an abuse of the welfare system, but I never mentioned it to anyone in authority.

My focus and my responsibility for efficient resource use was on the international side. We tried repeatedly to urge increased efficiency. I was recently looking again at the text of a speech which I gave to the Council of the Americas in late 1975.

Q: Could you give a specific citation of this speech?

BUSHNELL: It's in the January 1976 “Treasury Papers”, a monthly publication of excerpts from statements by senior Treasury officials. The title of the speech was: “Economic Development: the Choices for Latin America.” The key phrase here was: “Which road Latin America takes is of considerable importance to the United States. I believe successful, open, and free economies in Latin America could shift the world balance permanently toward the type of development we favor.”

Q: And you said this before British Prime Minister Margaret Thatcher and President Ronald Reagan. She gave a speech to that effect.

BUSHNELL: She visited the Treasury while I was there, but at that time she was not yet British Prime Minister. I believe she was then the new leader of the Conservative opposition.

Q: She visited the Treasury Department after that.

BUSHNELL: Probably. Efficient use of resources was her theme. Looking back with some 25 years of hindsight, I can see that we've made a tremendous amount of progress. Much of what we were saying then, which some critics saw as being subversive, counterproductive, nonsense, or just not good economics, has now been pretty well adopted in large parts of the world. Those countries which have followed these market-oriented efficient policies, Korea and Chile for example, have had a long run of rather spectacular success. They have had far greater success than those countries which followed other policies. The successful countries have in addition received more in terms of the transfer of foreign resources than anyone would have dreamed possible 25 years ago, almost entirely from the private sector. Of course, there are still many parts of the world where there are major policy problems.

A second, and somewhat related issue, was how to carry on the dialogue between the developed and the developing countries. At that time there was a considerable head of steam, with the creation of UNCTAD [UN Conference on Trade and Economic Development] and with the UN doing more on economic issues, to move international economic decision-making into one-country, one-vote bodies. We in Treasury felt moving to such bodies was not the way for the world to focus constructively on the effective utilization of resources. In fact, in the UN bodies there was almost no focus on efficiency, as I could and did testify from my years in UNCTAD. We felt we got much better focus on effectiveness in the IMF, the World Bank, and those organizations which had weighted voting and therefore a larger control reserved for the donor than the developing countries.

When I arrived in Treasury, work was already well advanced on modifying the governing system for the IMF. When the IMF and the World Bank were originally established at the 1944 Bretton Woods Conference, there were to be annual meetings of the Governors, with one Governor for each member country. Then the day-to-day work was done by 20 Directors. In most cases a Director represented a group of countries. Particularly as the number of country members increased, some directors represented many small countries. Every member country belonged to a constituency which elected a Director. Voting was weighed according to the amount of capital contributed to the Bank or Fund. Thus each Governor's vote was weighed according to his country's share of the capital. Voting by directors was similarly weighed. The U.S. had by far the largest share of the capital, about 20% while I was at Treasury. For certain critical decisions, such as changing the basic agreement establishing the organization, a large majority of the votes was required, giving the U.S. veto power.

As the institutions got bigger, the annual meetings became speech making affairs. The large number of governors made negotiation difficult, although annual meetings facilitated much informal consultation. It became very hard for countries to direct the course of these institutions, and great power was assumed by the Bank President and Fund Managing Director and their senior staff. US influence was largely through informal contacts with the managements. On larger issues the Boards of Directors tended to become weaker and weaker reeds because they became much more subject to the highest priorities of individual Directors. For the Directors from the developing countries, the main thrust was to get what their countries wanted, which was loans or drawings as they are called in the IMF. LDC Directors were reluctant to criticize a project in any other country because that country's director, in turn, might criticize something in theirs. So this mutual back scratching arrangement made the Directors of all of the developing countries unwilling to be critical, even constructively critical, of policies which affected countries outside of their constituency. So it was only the Directors from developed countries who could try to consider objectively the policies of the World Bank or the IMF. Increasingly, any solidarity

among the developed country directors was weakened by the views of the Dutch, the French, and some other national representatives who had a political objective of appearing as a special friend of the developing countries or of some particular countries, rather than focusing on the effective use of available resources. Some constituencies even included both developed and developing countries.

By the time I arrived at Treasury in June, 1974, discussions were well advanced toward setting up something which has been, and still is, called the Interim Committee, mainly in the interest of a better focus on policies of the IMF which is critical for monetary stability around the world. The Interim Committee, which was to meet both during the annual meetings of the IMF Governors and mid-way through the year, was to be composed of the Ministers of Finance or Economy of the 20 countries which held the 20 seats on the Board of Directors. The idea was that this relatively small senior group meeting in private could focus on real problems and make key decisions. Ministers could try to set policies without getting into nitty gritty aspects of individual drawings or proposed standby loan arrangements. It was envisioned that the Interim Committee could have sub-groups to examine various, specific problems, but it would not have a staff other than the staff of the IMF.

When I arrived in the Treasury, I also was well aware from my UNCTAD days and from my frequent contact with economists from developing countries that there was great pressure by the developing countries to get more say or influence over the World Bank and the IMF. Although the Bank and Fund were considered specialized agencies of the UN, in fact no UN body played any real role in directing their activities since they were run by their owners and got no funding from the UN. It occurred to me that we might try to do something for the developing countries by having a Development Committee parallel to the Interim Committee. The Interim Committee would work on worldwide, monetary issues, and the Development Committee would work on development issues, essentially on the direction of the World Bank.

Most of my staff at the Treasury opposed this idea. This would be a new organization, and new organizations were opposed as expensive and redundant. But I raised the idea with Chuck Cooper and then with Undersecretary of the Treasury Jack Bennett and Secretary Simon. I argued that pressures were strong to give some UN entity at least some measure of control over the World Bank; many European Foreign Offices supported such a power shift. Moreover, it was increasingly clear that the economic policies of the World Bank had a substantial political element, for example the absence of communist members but also the insistence on tax, organizational, and anti-corruption policies which are inherently political. I said it would be hard to beat something with nothing, and we certainly didn't want to enshrine the concept of one nation, one vote in a new institution telling the World Bank what to do. We needed to make some change to give the developing countries more say in some forum focused on their concerns before the Foreign Offices of the world, not excluding the Department of State under Kissinger, gave increased power to some UN body. Perhaps my most telling argument was that a Development Committee in the World Bank family would have Finance or Economy Ministers around the table. Finance Ministers have responsibility for domestic as well as international economy policy, while any UN entity would have Foreign Ministers around the table who focus on the international responsibility for development and have limited or uncertain influence on policies at home.

Secretary Simon immediately liked the idea, as did Chuck Cooper, so I was authorized to proceed rather late in the day to put together the idea of the Development Committee and get worldwide support for it to be created at the same time as the Interim Committee. It was already July and summer, and the annual meeting of the World Bank and the IMF was in September when the Interim Committee was to be approved. It was a big task to flesh out the concept of a Development Committee and get support around the world. I will say, once the decision was made, the Treasury staff turned-to nicely and constructively in putting this new entity together and in getting support from other countries. I had the task of convincing McNamara and the Bank. There were a great many problems in putting this together and doing it virtually overnight. The task was possible only because the proposed

Development Committee would operate parallel, and largely with the same members, as the Interim Committee which had been under discussion for some years.

One small example illustrates the scope of the problems. At the last minute, when the world's Finance Ministers were already getting together in Washington, some Europeans raised the issue of the Swiss. The Swiss were not members of the IMF or the World Bank, but they gave a lot of money for development and gave money to the World Bank although not a member. The Swiss were concerned that they were a member of no World Bank constituency and would therefore have no voice whatsoever in the Development Committee. Of course, the easy solution would have been for some of the Europeans to add the Swiss to one of their constituencies. However, there were to be only four chairs behind each seat at the table. Most European constituencies already had more than four members, so they could have given a place at Development Committee meetings to the Swiss only by forcing some current member to stay away. There were only four chairs to keep the meeting reasonably small. Even the U.K. constituency included a number of small countries, like Cyprus, so that the four seats were occupied. There didn't seem to be any answer to the problem of Switzerland.

I proposed to Secretary Simon that we offer the Swiss one of the chairs of our delegation. The U.S. uniquely had no other country in its constituency. Generally, the Secretary of the Treasury sat at the table, with the Chairman of the Federal Reserve Board or a Board member, the State Department representative, and two senior officers from Treasury sitting behind. I thought Treasury could manage with one supporting seat. (I had earlier offered a seat to the Director of AID, but he had not accepted, and it was not clear the Federal Reserve would attend the Development Committee since its business was really in the Interim Committee.) Secretary Simon immediately approved without coordinating with anyone. I later heard the Secretary Kissinger was annoyed because he thought he could have gotten something from the Swiss for such a concession. I made this offer to the Swiss. Both the Swiss and other Europeans were pleased with this effort to solve a problem, and support for the Development Committee was increased. The Swiss sent

someone to the first meeting, but then they thought about the situation and decided that sitting in the US delegation was too close an association with the United States, so this solution and the problem faded into thin air.

Since we were proposing the Development Committee, we also had the task of nominating the person to be the Executive Secretary to staff the Committee. We did not want someone from the World Bank who might be in McNamara's pocket. The World Bank wanted to staff the committee just as the IMF was to staff the Interim Committee, but I argued the Development Committee should be concerned with the regional banks and other development issues beyond World Bank programs and thus needed its own small staff. There was a strong preference in Treasury for an American. The person had to be known internationally and be willing to accept this challenging job with a new entity. Someone on my staff suggested Henry Costanzo, who was the second ranking person, Executive VicePresident, at the Inter-American Development Bank [IDB]. He was a career Treasury official who had worked in the Marshall Plan and had been AID Mission Director in Korea in the 1960's. He had headed Treasury's Latin American office and had been a director of the IDB before becoming IDB Executive VP in 1972. He was regarded as standing for the things that Treasury stood for, and he had lots of experience with developing countries and their problems. He would certainly be acceptable to the Latin Americans who had been working with him for years.

I approached Henry Costanzo. He was not eager to leave his job at the IDB where he was very happy, but he came to see it was his duty to take on this new challenge. He was not happy at the way things worked out, and he stayed in the job only a couple of years. We than had to find a replacement for Costanzo as the senior American in the IDB. I was sorry I was just beginning my Treasury assignment as I considered IDB Executive VP one of the best jobs in the world and Chuck Cooper said I was the best candidate but he was not prepared to give me up. We arranged for the IDB to appoint a good friend of mine, Ray Sternfeld, who was an AID [Agency for International Development] officer who was working with Pete Peterson as Assistant Director of the President's Council on

International Economic Policy. Ray had earlier been the Alternate Director at the IDB as well as holding several senior AID jobs in Washington. Some Treasury staff would have liked to put another Treasury person in that high-paid position at the IDB, but Treasury did not have a strong candidate. I promised to work on getting some other such jobs for senior Treasury staff.

Despite the many problems, we were able to get the Development Committee launched. I wouldn't say that this committee was a raging success, but some of the things that it began working on in its first couple of years, while I was there, in fact have paid off for many developing countries. For the U.S. the very existence of this committee blunted developing country demands to negotiate development issues in the UN framework. On more than one occasion I arranged for a LDC Finance Ministry to turn off pressures from its country's delegation to a UN body. One of the problems we worked in the Development Committee was that most states in the United States, and there was similar legislation in other countries, limited, or even prohibited, pension funds, insurance companies, and such fiduciary institutions from investing in foreign debt or, in some cases, just in the debt of poorer countries. As some developing countries were better able to float their debt internationally, they were denied access to this big pot of long term money by these laws of states and similar laws in some other countries. We began a Treasury campaign to have some of the state laws changed. I'll tell you it may be difficult to negotiate with 50 countries around the world but it's even harder negotiating with 50 states in the United States! Trying to find anybody who would even pay attention to this issue was difficult. It didn't seem important to state governments to take action on this matter. During my time at the Treasury little progress was made despite considerable effort. Yet after some 10 or 15 years of work, the situation has pretty generally opened up; laws have been changed or reinterpreted, and these institutions have provided an immense amount of capital for the developing countries.

Another private financing project which I pushed using the Development Committee, also the subject of speeches I made, involved the IFC [International Finance Corporation],

which was the private sector part of the World Bank. I urged the IFC, in addition to managing its own portfolio of loans and equity positions, to help organize and promote private mutual funds in developed countries that would invest in companies in developing countries. I was able to encourage the IFC to promote mutual funds. The IFC would help the mutual funds invest in the same companies that it was promoting and financing. The fact that the IFC, with its knowledge of the developing countries, had a good record in promoting successful investments would give investors from developed countries more confidence in putting their money into such mutual funds. I don't believe the IFC itself ever actually set up a mutual fund, as I had proposed, because it eventually found companies in the private sector of developed countries prepared to organize such funds cooperating with the IFC. Of course, we now have such LDC mutual funds all over the place, investing in individual countries, in regions, and on a worldwide basis. There are many investment advisers who recommend that investors put at least a small part of their savings in such funds. These mutual funds, promoted originally by the Development Committee, have provided yet another major source of funds for investment in developing countries. Generally the LDC private sector uses such investment funds effectively and efficiently in response to market forces.

There were several other initiatives which we undertook through the Development Committee. I think creating the Development Committee eventually resulted in a substantial change in the UN or world atmosphere. The Ministers of Finance from the developing countries who attended the meetings of the Development Committee felt that this was their committee and that the matters considered in it were their issues. They worked to counter UN activities aimed to create development finance policy bodies outside of their control. Even the Dutch and the French as they participated in the Development Committee moderated their support for alternative policy bodies. Of course, the Development Committee continues to operate right up to the present.

The third theme of my Treasury work was largely procedural in nature, but weak procedures too often resulted in poor substantive outcomes. As I looked at how the

Treasury and the entire government did things, I decided that our general approach to working multilateral issues dealing with financing the developing countries was not by any means the most constructive. It often required a long internal struggle to formulate a detailed policy on a given issue because of the differences among the various agencies involved and the slowness of bureaucratic procedures with papers being sent up and down many bureaucracies. A great deal of effort by the Treasury staff, and even by the principal officials in the Treasury Department, was directed to developing a detailed position. Once the position was established, we tended to announce it to the world and hope everyone agreed with every detail. We did this in part because we could change our position only with great difficulty, since it had been so carefully worked out and compromised internally within the Government. The process of policy development also included consultations with the Congress, which would have to provide the necessary funds to implement the policy, but such consultations were in terms of general direction not the detailed positions of the internal debates..

It seemed to me this process of policy formulation and negotiation was not only undiplomatic but actually counterproductive in accomplishing our agreed objectives. I felt we should rather have a more iterative approach internally in which we first agreed on broad objectives, then consulted with the other countries involved, and finally refined the details of our position taking into account the views of other countries. Then we could honestly say their views would be considered in evolving the position. I also thought much more of our international negotiation should be conducted in private, often bilaterally, with the country or countries concerned. Furthermore, positions would often be put forward by other countries with which we could agree and which were often even more favorable to the U.S. than what we developed in our bureaucratic struggles.

So I pushed the work of policy development in that way. For example, I like to think we handled the smoothest replenishment of the capital of the Inter-American Development Bank that has ever been done. The need to add to IDB capital, particularly the highly concessional lending funds, came up rather early in my time at the Treasury. It was soon

after the increases in oil prices by OPEC [Organization of Petroleum Exporting Countries] in 1973. We discussed a number of important policy objectives in the NAC [National Advisor Council], but we did not try to specify details. We wanted newly rich Venezuela to stop any borrowing and even become a donor. We wanted the major countries of Latin AmericBrazil, Argentina, Mexicwhich had increased access to private capital to stop borrowing the concessional or grant money. We didn't want to increase the annual amount of such soft funds but wanted to concentrate their use on the poorer, smaller countries. These were a lot of changes we wanted; all of which made a lot of sense, but it was quite clear that these could be very confrontational and very difficult to work out as it would be hard to get so many important developing countries to give up what they took as their right to loans from their Bank, the IDB. Treasury was, of course, the lead agency in negotiating this replenishment; thus I didn't have to consult with others on questions of tactics. Therefore, once we had internal agreement on the broad directions we wanted, I called the Minister of Finance of Venezuela and said that I would like to talk with him privately about the replenishment of the capital of the Inter-American Development Bank. I said I would like to get his views and share our views with him. He said: “Great! Take a plane to Venezuela, and we shall discuss it at the beach this weekend.”

I flew to the Caracas airport that Friday afternoon. The Minister had arranged for me to have a nice suite in a Caribbean beach hotel which the Venezuelan Government owns only a couple hours' drive north of the airport. On Saturday I had breakfast with the Minister who was staying at the hotel with several of his staff for the weekend. We continued talking between breakfast and lunch and then had lunch together. He actually proposed that Venezuela would contribute a large amount of money to the Inter-American Development Bank as long as it could be done through a trust arrangement so his government could count it as an investment. I said we would support such an arrangement and even agreed to have Treasury lawyers prepare a draft agreement for him to meet his needs and the IDB's. He wanted to get the other, large countries to stop borrowing concessional funds, and he wanted to limit their access to the new Venezuelan funds. As

I listened to him, I realized that his position was not much different from ours. I said we should work together to get this done. He was delighted to form a common front. By the end of lunch we had concluded how we would divide up responsibility for approaching other countries. He was going to talk privately with certain countries, and we would talk with other countries. Behind the scenes we would keep in touch and work together to bring this replenishment about.

Soon after that the Development Committee met in Paris, its second meeting. In the corridors alongside those meetings we had bilateral meetings with both the Mexicans and the Brazilians. Treasury Secretary Simon, who took a strong personal interest in this negotiation, was very effective with them. In the meeting with the Brazilians it looked as if we weren't going to make any progress. However, that evening Secretary Simon and Mrs. Simon took the Brazilian Minister of Finance and his wife to dinner. The next day my Brazilian counterpart told me a deal had been struck and they were on board in terms of our position. I met several time with the IDB President and arranged for him to approach some of the smaller countries that were not on the Venezuelan list. That's the way we worked until we had the formal meeting. By that time, lo and behold, everybody was on board. Everybody made their speeches and expressed agreement. Many capital replenishments have dragged on through many meetings with a great deal of disagreement.

I was involved in a number of other issues where we benefited from the same behind-the-scenes approach. One of the nicer experiences for me was some delicate negotiations with the Japanese, which were held toward the end of my assignment. These were handled by Treasury Undersecretary Ed Yeo, who had replaced Jack Bennett. As a matter of fairness given the long travel distance, we held these secret negotiations in Fairbanks, Alaska, because this was about half way between Washington and Tokyo. Moreover, secrecy was preserved by having them in neither capital and on the weekenthe main downside for me. For these meetings, Yeo and I would leave the Treasury Department a bit early on Friday afternoon, Washington time, and fly to Fairbanks, arriving there in the

evening. It wasn't too late Fairbanks time, but it was practically morning Washington time. The Japanese would fly in, and we would meet on Saturday morning. The discussions would continue through lunch and into the afternoon, if necessary. Then we would turn around and fly back, arriving home Sunday evening. Even my Treasury staff did not know I was doing these negotiations, but my wife did not appreciate my weekends away. On one Saturday afternoon we had some time. Ed Yeo rented an aircraft, and we flew around to see the Fairbanks area. We flew over Denali National Park and saw Mount McKinley, the highest peak in North America. We located a large group of moose, which the pilot sort of dive bombed in our small plane; he succeeded in getting them running through the snow. It was fascinating; they ran far and fast.

Although there were some fringe benefits to such negotiations, they were very tiring because we spent an awful lot of time on airplanes and going through time changes. Moreover, the meetings themselves were intensive. There were several issues we discussed with the Japanese, such as the Yen-Dollar exchange rate. The Japanese were very interested in expanding the Asian Development Bank and the role which they played in it. Using the same technique as I had used for the Inter-American Bank replenishment, we were able to work with the Japanese and to come to a meeting of the minds on how to proceed. We would bring in other countries, one by one, so that the replenishment of the ADB's capital and an enhanced role for Japan sort of emerged, although the process was not as smooth as with the IDB.

Gradually the practice of working privately with other countries and defining a final inter-agency position only after substantial international input was adopted widely in the Treasury, especially after the arrival of Ed Yeo as Under Secretary as he strongly favored this approach. Several of the key negotiations in which this approach paid off were with the French. The French were traditionally difficult for us in most forums, not so much because their positions were so difficult but because they tended to take positions to show that France was still an important country. They also tended to cater to Francophone [French speaking] Africa and certain other countries as part of the French area of interest, even in

financial matters. The French Deputy Minister of Finance, Jacques de Larosiere, and Ed Yeo found that they had one great interest in common. They both raised Angus cattle.

Q. He was later the Managing Director of the IMF [International Monetary Fund]?

BUSHNELL: Yes, de Larosiere, who was the senior career person in the French Finance Ministry, became a great friend of the U.S. as a result of the frequent visits Yeo paid him and the many hours they spent on each other's farms. He had been quite difficult until this time. By discussing the full range of potential problems before the issues became public and before the press got into them a lot of things were worked out to the benefit of both countries. I mentioned that one of the problems which was becoming increasingly confrontational was the French handling of the Paris Club. For many years the French had headed something called the Paris Club. In Paris Club meetings, always chaired by France in Paris, the developed creditor countries as a group discussed with a single developing country which couldn't pay its debts to other governments some sort of arrangement to work out the problem, usually a longer period to repay and often lower interest. The system was designed so the creditor countries did not work against one another, each trying to get repaid quicker, and to maximize pressure on the defaulted borrower to make needed economic policy improvements so that it would be able to pay its debts eventually.

These Paris Club meetings were always difficult because the developing countries resisted policy changes, which were the only way that they were going to become economically viable. Different lending countries had different trade interests, different political interests, and different amounts of debt. For many years a man named Nebot from the French Treasury had chaired these meetings. In the view of both State and Treasury negotiators Nebot was anti-U.S. and gave us a great many problems. In my own experience I found Nebot did not keep his word, and it was hard to deal with a chairman who was not trustworthy.

As a footnote before continuing with Mr. Nebot, I might mention another matter concerning the Paris Club. There were quite a few bureaucratic and substantive issues on which the Treasury and the State Department were in disagreement. Of course, while I was detailed to Treasury, I tried to advance Treasury positions. But, given my background in the State Department, I occasionally tried to resolve one of these issues. One bureaucratic issue concerned the Paris Club. The Treasury Department's position was that Treasury should control both the policy and the negotiations.

Tape 11, Side A

Q: This is Monday, January 23, 1998. Following is a transcription of Side A of Tape No. 11]. I'm John Harter interviewing John Bushnell. John, you were talking about the role of the Paris Club.

BUSHNELL: There was great bureaucratic contention about delegations to the Paris Club meetings. Everybody agreed the policies of the U.S. involving these debt issues should be coordinated through the NAC [National Advisory Council on International Monetary and Financial Policies] where the Export Import Bank, AID, and other official creditors were represented. Treasury ran the NAC, and the other agencies regularly represented were the Departments of State and Commerce, AID [Agency for International Development], the Export Import Bank, and the Federal Reserve Bank. The Departments of Agriculture and Defense were always welcome but attended only when PL-480 or military credits or some other issue of special interest to them was under discussion. Congress had given Treasury a mandate to oversee collection of debts owned the Government and its agencies, and we had do make a comprehensive annual report to Congress.

All the agencies wanted to be represented on the delegations going to Paris. The Department of State insisted that it head the delegations because it was responsible for international negotiations. The Treasury Department wanted to head the delegation because it was responsible for the issues being discussed. For each meeting there had to

be a compromise; sometimes Treasury and sometimes State led. Our delegations were often far too big, and each agency tried to remake policy during the Paris negotiations. The situation was a bad show. Whichever agency did not lead tended to criticize the agreement reached by the leader from the other agency. Certainly, our internal disorder did not facilitate working out agreements among the various Government agencies concerned or with other countries. This bureaucrat issue needed to be resolved one way or the other.

I agonized with my staff over the issue. There were some good reasons why the Treasury Department could better lead these delegations than the Department of State. In deciding which agency was to provide the person to head the delegation, I thought the reason which had the greatest weight was that Treasury people tended to stay in Washington in the same job for a long time. Treasury could provide one person who could regularly head these delegations several times a year for 10 years or more. With the movement of people in the State Department in and out of Washington and from one assignment to another, it was difficult to ensure that its representative would have sufficiently long tenure in a job to head the delegation for many years. On the other hand Paris Club negotiations were difficult and generally boring. Could any capable officer be expected to handle them regularly for many years? There was also the well-established rule supported by legislation that it was the role of the Department of State to head delegations to international negotiations. There was no evidence that Paris Club meetings were not international negotiations. There were large Treasury and financial components, but there were also a lot of other components, including a very large political component as our relations on many other issues were linked by the debtor country to its treatment in the Paris Club.

Finally I went to State and had a long but friendly discussion with Assistance Secretary [for Economic Affairs] Tom Enders and his Financial DAS, Paul Boeker. We went through all the pros and cons. At the end Enders said he would give his word that, if State regularly headed the Paris Club delegations, he would use the same person all the time and that

person would follow Treasury guidance religiously, no matter what the pressure from other parts of State. I reviewed my meeting with Secretary Simon, and he somewhat reluctantly agreed. We worked out an exchange of letters between Simon and Kissinger [Secretary of State]. It was agreed that Treasury would be in charge of policy formulation and would always have a senior officer on the delegation. However, the State Department would provide the delegation leader. That settled the argument.

Q: Who headed this delegation for the State Department?

BUSHNELL: Paul Boeker. At the time he was the Deputy Assistant Secretary in EB [Bureau of Economic Affairs] for Finance and Development. I think he held this position throughout my tour in Treasury, and he was quite effective. He was an outstanding young FSO; in 1976 he was awarded the Arthur Fleming award for outstanding young people in federal service.

Q: Was he alright?

BUSHNELL: Yes, he was good. Once we were through with all of the usual backing and filling and the position was cleared by all the Government agencies, Boeker followed it to the letter. He worked with the Treasury Department and with me on a great many issues; there was seldom a day when I did not speak with him by phone at least once if I did not see him in a meeting. Once Simon and Kissinger had agreed, Boeker and I both had to bring our staffs on board. In a roast my staff did close to my leaving Treasury one of the jokes was that I had done as good a job of making a Treasury officer out of Boeker as my staff had in making a Treasury officer out of me.

Q. Back to the problems with the French.

BUSHNELL: Once our internal problem had been solved, I turned to our problem with Chairman Nebot. State was in complete agreement that Nebot was a problem, but State had no suggestions to resolve it. I talked with Under Secretary Yeo and suggested he

review our Paris Club problem with his friend, de Larosiere, while they were inspecting the front or back ends of their cattle. He did this within days and, much to my surprise, told me that de Larosiere had said, “Nebot was really a horse's ass.” He said he would fire him and put in somebody good. De Larosiere said he would put in a prot#g# of his if we approved of him, as he thought we would. One of the things that annoyed a lot of Americans was that Nebot refused to speak English, although he knew English quite well. The one time I called on him, he spoke English, although he wouldn't do that with most Americans. That attitude particularly annoyed Treasury people, few of whom spoke French. De Larosiere sent over a man named Michel Camdessus within a week or so. He came over from Paris on the Concorde aircraft in the morning. We arranged for him to have lunch with Simon, Yeo, and myself.

Q: He was the candidate of the French bank, Credit Commercial?

BUSHNELL: I don't remember that point. He was a career executive of the French Treasury. After lunch I took him to my office for a visit of an hour or so. I thought Camdessus seemed a sensible guy. I told him what our key Paris Club objectives were and that we had to have a certain consistency in policy. He agreed. He explained his priorities which lined up with ours'. He then left for the airport and returned to Paris on the Concorjust a lunch in Washington. His English was quite good. Everybody was impressed with him. Sure enough, the solution was arranged entirely by the French, ostensibly with our having nothing to do with it. In the French fashion, Nebot was promoted to head some aircraft factory or something like that. Mr. Camdessus became the chairman of the Paris Group. For the remaining months I was at Treasury, the Paris Club ran much smoother. Of course, Jacques de Larosiere with major support from the U.S. became managing director of the IMF [International Monetary Fund] in 1978 and was in that job for eight years or so. He was replaced by Michel Camdessus, who is still the head of the IMF today.

Another aspect of my role in Treasury which I haven't touched much was bilateral issues for which I was responsible when they dealt with developing countries. One of the nastier

problems was driven by Congressional concerns. Congress noted that quite a few countries were not paying money they owed us. Most of these deadbeats were developing countries, although there were also rich countries which owed debts to the United States dating from World Wars I and II. I had to do a report and testify in Congress every year to explain why this debt wasn't being paid. I used our Embassies and our Treasury Attach#s to try to get some of these debts collected. Occasionally, we had to hold up on some new loan proposal until at least some payments were made on debts that were due; such Treasury holds were always resisted by both the lending agency and the borrowing country. Usually the government officials we were pressing to pay were not those that had contracted the debt. Often there were quite understandable reasons for not paying. Debt collectors have no friends.

Another bilateral area where Secretary of the Treasury Simon had strong feelings was expropriations without proper payment of private sector investments. The law provided that we had to stop bilateral aid and curtail certain other programs in countries which expropriated US firms without proper compensation. However, expropriation issues were seldom straightforward. Countries would claim that the investor had violated the law, or they would pay with bonds of dubious value. The value of the investment was usually in dispute. The most difficult expropriation disputes involved countries which were politically important to us. In these cases Treasury would often agree to make lots of noise but nothing more. As time wore on, the viability of stalling diminished. State chaired a committee coordinating actions on expropriations, and State took the lead on negotiations, but Treasury was often pressed on these issues by Congress and by the investors. Treasury played the role of the bad debt collector as Treasury's ongoing interest in these countries was much less than State's. I did not attend the State-chaired meetings or do the negotiating, but I was responsible for policy direction to my staff who did.

One of the most difficult expropriation cases while I was at Treasury was in Peru. An iron ore operation had been expropriated by the Peruvian Government. After great difficulty and great efforts by the Department of State, we persuaded the Peruvians to

negotiate a settlement on a government-to-government basis; we preferred to have governments negotiate directly with the investors, leaving the USG in the background. But when no other solution could be found, we would agree to governmental negotiations. There was an immense gap between what the American mining company thought its investments were worth and what the Peruvians were prepared to pay. On several occasions a delegation from State, Treasury, and other agencies would go to Lima for these negotiations. Although I did not participate directly in the negotiations, I found an interesting way to move it along. My Treasury person on the delegation would attend the meetings and would then report back to me by phone from his hotel. I was quite aware that the Peruvians had an extensive system for listening to international phone calls. Thus I told the Treasury officer that, when he really wanted to discuss some issue with me, he should go to the American Embassy and call me on a secure line. Otherwise, he could call me at home every night from his hotel and review what had happened that day. After all the Peruvians already knew what happened in the meetings. I told him that I would then use our conversation to send messages to the Peruvians. For example, I could say that if the Peruvians continued to insist on a certain item the delegation should pack up and come back to Washington and we would begin sanctions.

I thought the way to solve this Peruvian problem was to base the amount to be paid on the future price of iron ore. The current price was low, but the company argued that over the next several years the price would be double or more the current price. Thus I thought the Peruvians could set a number based on the current price for domestic political consumption but include in the contract an escalation clause that would raise the amount to be paid sharply if the world iron ore price rose in later years. There was no opposition to such a scheme in the Expropriations Committee, although both the State and Treasury commodity experts doubted the iron ore price would increase much. But State believed the U.S. should not suggest such a formula without prior approval of the company which was holding out for a lot of cash now, although that was not realistic as Peru was broke. One evening when the negotiations seemed to be stalling again, I asked my Treasury

man on the hotel phone if the Peruvians were raising a formula tied to the price of iron ore. We discussed the formula enough for a listener to understand how it worked. I think I went through a sample formula Treasury staff had developed. I concluded by saying it was a good thing Peru had not raised such a formula because Secretary Simon liked it (which was true) and we would probably have to change our opposition and support such a settlement. Within a day or two the Peruvians proposed such a formula. With this breakthrough the delegation returned for discussions with the company. I met with a couple of senior company officials, probably with State DAS Boeker. We made sure the company understood the formula and that the Peruvians were not likely to do better, but they resisted the proposal. I briefed Secretary Simon who called a couple of members of the company board; I think others in Treasury also contacted senior company officials they knew or perhaps the company's bankers. Finally, the company agreed. It took much more negotiation to get all the details settled.

One can help negotiations in many different ways. We had difficult expropriation problems with Argentina in 1975 and early 1976, when Mrs. Peron was President. She had been a club dancer who was the third (at least) wife of Juan Peron, a colonel who had been a dictator in Argentina in the 1940's and 1950's and had come back at age 78 to win election as president in the early 1970's. His wife had been his vice-president; he died. She was totally unprepared to run a government. I knew quite a bit about Argentina and kept in touch with some Argentine friends. When expropriations continued and there were not even negotiations on payment, many in Washington wanted us to take all the measures permitted by our laws. I told Bill Simon and others that there really wasn't any government in Argentina. People, even government officials, were being killed in the streets of Buenos Aires every night in an urban guerrilla war. Inflation was over 200% a year. The government had nearly stopped functioning, and there was no one even thinking about resolving expropriations. We really had no leverage; there were no bilateral lending programs to stop and even the development banks had stopped lending. Thus there was noting effective we could do but wait for some sort of government able to function to

emerge. Some of my staff thought I had gone soft. But with the help of State, which agreed with me, we postponed any action.

In February of 1996 there was a coup d'etat in Argentina, and the military took over. However, the military appointed experienced and capable civilians to all the senior economic positions. Within a few weeks of this change the annual meeting of the IDB [Inter-American Development Bank] was being held in Cancun, Mexico. The new Economy Minister, Jose Martinez de Hoz, and his entire team came to the meeting. State recommended we not have a bilateral meeting with the Argentines because the military was committing horrible human rights violations, such as throwing prisoners believed to support guerrillas out of airplanes. The new president of the Argentine Central Bank, Adolfo Diz, was a friend of mine from Geneva where our sons had been in the same class in the American School. Diz was the Argentine financial representative in Europe and did not have anything to do with the Geneva UN organizations where I worked so our acquaintanceship was purely social between two economists. After Geneva I had seen him from time to time at international meetings; we kept up on our families and he told me what was happening in Argentina. He found me as soon as he arrived in Cancun and begged for his team to have a meeting with Secretary Simon. I raised the question with Simon. He said he had been called by a couple of Americans who were very concerned with two individuals who had recently disappeared in Argentina (usually meaning that they had been seized by the military). He said State should reconsider a meeting because it would be an opportunity to raise our concern with these human rights cases. The State representative pressed Washington which sent us a couple of additional names to raise. I set up the meeting.

We had a private, bilateral meeting and gave the new Argentine Economic Minister and his team a half hour to tell us what their policies were. Martinez de Hoz made a brilliant presentation in excellent English. He said he was going to use the market, sell off government corporations, lay off thousands of the unneeded government employees hired by past governments for political reasons, stabilize the currency and the exchange

rate, and resolve expropriation issues to improve the climate for foreign investors whom he welcomed. Of course, the Argentine Government was controlled by the military. Martinez de Hoz went on to say that he had a deal with the military that he would be given a free hand on all economic issues. It was really like something Margaret Thatcher [former British Prime Minister] would have said, although it was well in advance of Margaret Thatcher's time in office as British Prime Minister. The economic team was very strong; each showed he already had mastered his area, including Diz at the Central Bank; de Hoz, although a slight man who would not stand out in a crowd, came across as a giant iron man eager to confront the tremendous problems in the Argentine economy. He said good economic policies would fix the economy quickly as Argentina was one of the world's richest countries and the only problem was bad policies for a long time. At the end of the meeting Secretary Simon took de Hoz aside and raised the disappearances and our human rights concerns. Before the end of the IDB meeting the Argentines told us one or two of the disappeared had been found and they were working on the others.

It was a very impressive performance by Martinez de Hoz. As we were waiting for the next bilateral meeting Treasury Secretary Simon turned to me and said: “Now, THERE'S a Minister of Finance.” Actually in the Argentine system Martinez de Hoz was Economics Minister overseeing the entire economic sector. Walter Klein was the new Secretary of Finance, and de Hoz designated him to keep in touch with the Treasury; Simon made me the point of contact. Klein soon arranged to have someone designated to work on expropriation matters.

Simon wanted us to help this new Argentine free market team, and we did, although our help was pretty marginal. It was their policies that turned the Argentine economy around. By 1978 more than $10 billion had returned to Argentina. We set up a binational committee to work on issues of concern to either side. State chaired our side; I was on the committee. Klein chaired for Argentina, and I worked with him to find places where we could help. For example, the Department of Agriculture had long opposed any imports by the U.S. of fresh or even precooked beef from Argentina because there were cases

of hoof and mouth disease [aftosa] in Argentina. There was a technical argument as to whether this disease could be transmitted by precooked or frozen meat. The Argentines provided lots of technical papers, including studies from US universities, showing that hoof and mouth disease couldn't be transmitted in pre-cooked or frozen beef. However, the Department of Agriculture produced studies showing it was theoretically possible although Agriculture was never able to show a test where the disease was so transmitted. Finally Agriculture agreed that, if the meat was ground into small pieces and cooked for 20 minutes at 300 degrees Fahrenheit, it would be alright to import it. I am not sure if I remember these details precisely. I thought there would be little demand in the U.S. for such cooked meat. But Klein put his people to work, and they found McDonald's and other fast food chains really wanted lean meat, which is what Argentina produces. Argentina had a new fairly large beef market. We also entered into a tax treaty and did a number of other things to build a cooperative relationship with this new Argentine Economic team.

At Treasury I went to work each morning expecting the unexpected. One personnel issue was especially awkward because it involved the role of women. One of our objectives through the development banks was to enhance the role of women in developing countries. But this involved a woman on my staff. OPEC [Organization of Petroleum Exporting Countries] and especially the Saudis wanted to set up, and in large part fund from oil revenues, a new development finance institution to lend for agricultural production in the poorer countries. It eventually was called IFAD.

Q: IFAD was the International Fund for Agricultural Development.

BUSHNELL: Thank you. I couldn't come up with the names that went with the letters IFAD. Although the development banks were already big lenders in agriculture, I thought it was in the interest of the developed countries to put some money into IFAD to encourage the OPEC countries to make it an efficient organization loaning to good projects.

Q: Saudi Arabia, among other Arab countries, was putting some money into this.

BUSHNELL: The Saudis and Venezuelans were pushing for a new institution and were prepared to provide lots of money. Our first reaction was that the world didn't need IFAD, as the World Bank existed to provide finance for the developing countries including for agriculture projects. But, of course, the Saudis and the Venezuelans wanted an institution that was more closely associated with them. Thus we decided it would be best to make IFAD truly international with contributions from the U.S. and other developed countries as well as from OPEC countries. We felt that way we could work within the organization to assure resources were used effectively, not only ours but theirs' too. The Saudis, Venezuelans, and others weren't opposed to making IFAD international, but there were a great many detail issues to negotiate on how IFAD would work and be governed. Within the US Government there was bureaucratic warfare to determine which agency would be responsible for IFAD. Of course we thought Treasury because of our experience with multilateral lending institutions, because we wanted to assure cooperation not competition with the existing development banks, and because Treasury ran the financial and technical assistance program with the Saudis.

OMB [Office of Management and Budget] settled this issue by insisting that we would have to draw our contribution to the IFAD program from the AID [Agency for International Development] budget. AID saw this money as coming out of its pocket and was thus not at all happy about IFAD. On the other hand the State Department was “gung ho” for IFAD because the Saudis and others were pushing it. After I talked with them, the officers at OMB directed that policies on IFAD should be coordinated through the NAC, thereby giving Treasury a major policy role. There was literally about six months of work on IFAD within the US Government and more internationally to work out such questions as voting rights, how big a staff IFAD would have, and whether it would jointly finance projects with the World Bank. My staff person, the main Treasury person on IFAD, was a junior woman with her PhD from Harvard, Ellen Frost. She rapidly went on to a very successful career, but she was in a fairly junior position having just started at Treasury after I did.

Q: She had worked with Senator Cranston [Democrat, California] before that.

BUSHNELL: Yes. By 1977 she was a Deputy Assistant Secretary of Defense. However, at this point she was a fairly junior economist having gotten her job in Treasury on merit, not because she worked for a Democratic Senator. I don't recall how the IFAD desk was assigned to her, but she came up with some imaginative solutions to bridge the various positions, and she worked hard on all the IFAD matters. Finally, we were approaching the critical international meeting on IFAD, which was being held in Rome. At this time she was very pregnant.

Q: I didn't know that she was married.

BUSHNELL: I asked her what date she anticipated her baby as I wanted her on the delegation if possible. If she wasn't able to go because she was too close to delivery to fly, I needed to prepare somebody else to go in her place. I did not get a clear answer. I raised the issue with her boss, Bob Pelican. I think the delegation was leaving Washington for Rome on a Saturday, in anticipation of the meeting's starting on the following Monday. On Wednesday or early Thursday morning, she gave birth. My secretary told me, and I called Bob Pelican to make sure that he was getting his bag packed, because I thought the inclusion of Ellen Frost in our delegation had been resolved in the negative. Much to my amazement, Ellen phoned me on Friday to say she expected to be going to Rome the next day. I said: “Wait a minute.” She said: “No, you can't discriminate against a woman.” [Laughter] She had it all worked out. This was the big project she'd been working on for months. She wanted to go to the Rome conference, and I could understand that. I also thought it was in her best interest, as well as those of everybody else, that she not do anything foolish.

Q: I know that my wife wouldn't have done anything like that at such a time.

BUSHNELL: I am sure most women would not want to go on such a trip under the circumstances. I don't know what kind of shape she was in because I just talked to her on the phone. We had several, increasingly nasty phone conversations because she was really put out that there was any question about her going as a member of the delegation. She said: “If it were my husband that was on the delegation, you would let him go.” I said: “Yes, I would. He has not just delivered a baby.” The meeting in Rome was scheduled to last two weeks. I finally agreed that she could go to the meeting a week after it began, although I thought this was still pushing. She was very dedicated to her job. She pointed out that in India women gave birth to their babies in the fields and then got up and continued to plow the family field. She said that she didn't have to do any plowing.

Q: There was, at an earlier stage of history.

BUSHNELL: I'm not sure it doesn't go on today, but, if this was a case of discrimination against women, then I am guilty. I did not feel that I had any choice in that particular situation.

Q: What happened to IFAD?

BUSHNELL: IFAD is still around and functioning. The U.S. and, I suppose most countries, don't contribute to it any more. I did notice a year or so ago a project that was getting some IFAD support, so it still exists. As I look back on it, I can see why my Treasury job took all of my time, 12 hours a day, six or seven days a week. We had a great many issues and a great many things going on. Although it didn't seem to me at the time that we made much progress, in fact I can see now that we were fighting good fights, and that we made a big difference in the long run.

Q: I think you've clearly confirmed that the Treasury Department exerted, and still exerts, great influence on international affairs. To what degree and how do the NSC staff and

the State Department, for example, influence those developments when foreign policy is affected? One way or the other, this happens most of the time.

BUSHNELL: There are a great many ways. The National Advisory Council [NAC] is a statutory body which is chaired by the Treasury Department and includes representatives of the Department of State. During my time at Treasury, and I can't speak for the present, there were NAC meetings more than once each week at different levels. For example, every loan proposal by the World Bank and the regional development banks was reviewed by the NAC. Sometimes, these loan proposals were reviewed more than once. They had to be approved in the NAC before I would sign off on our representatives voting for them. Such individual loan reviews were handled at the staff level. I was not involved unless a major issue was identified; in most cases I would then talk to Paul Boeker or someone in State or whatever agency at a fairly senior level and would see if we could not resolve it informally without a senior level NAC meeting.

On IFI replenishments, major IMF votes, and key issues such as reducing competition among OECD countries on export financing there would be full NAC meetings chaired by Assistant Secretary Cooper or myself. Once or twice the Secretary of the Treasury chaired NAC meetings during my time, but there was an economic coordination mechanism in the White House at that time, whose abbreviation I forget. The main purpose was to coordinate domestic economic policy, but international issues were sometimes discussed. The Treasury Secretary chaired unless the President attended. The State Department sometimes attended at the Under Secretary level. In a few cases where Treasury and State could not reach agreement in the NAC issues would be resolved between Secretary of the Treasury Simon and Secretary of State Kissinger. They were usually resolved by a phone call, although there were meetings, some lunches, and perhaps a meeting with the President, although I don't now recall any specific issue which needed to be resolved by the President.

Although Kissinger was not a bashful Secretary of State in any sense, during the two years I worked at Treasury with Bill Simon, there were few issues on which Kissinger pushed hard. There were several issues where EB or some geographic bureau tried hard to get him involved and he refused, leaving the issue to be resolved at lower levels according to Treasury wishes. I mentioned that Kissinger's last-minute reluctance on non-regional members joining the Inter-American Development Bank [IDB] was overcome by Simon's having a conversation with him. On expropriation issues the State Department usually wanted to keep the door open and not even threaten any sanctions. If Treasury was insistent, the State Department would usually agree without taking the issue to the Secretaries.

Q: At this time Kissinger had been pretty consistently criticized, going back to his time on the faculty at Harvard, for being relatively uninterested and unconvinced about the importance of economic factors in history and politics.

BUSHNELL: That's not a view I would share. At least that's not the way I would put it, based on my experience at the NSC much more than at Treasury. I don't think, for a moment, Kissinger thought economics was unimportant. He probably did think economic issues and outcomes were hard to control. Moreover, he approved of the broad thrust of our economic policies. He certainly thought providing adequate economic assistance to Vietnam was important to support his political negotiations. At times he would have liked to place increased economic pressure on North Vietnam, but we could find no way to do this other than his negotiations with the Russians and Chinese. On big issues, such as the importance of the European Common Market and on relations with the common market, Kissinger not only agreed with our policy but saw these economic policies as supporting our political ends. When Under Secretary Yeo was negotiating with Japan, I was told Kissinger told him he agreed with what we were trying to do economically but, given the importance of our political and military relations with Japan, he should not push so far or threaten in a way that would substantially complicate our political and military alliance.

Q: I'm not sure what other professors at Harvard said of Kissinger's favorite aphorism, that, in the short run, politics controls economics. In fact, in the long run, economics determines politics. What is your view on that?

BUSHNELL: In one sense it is certainly true that economics determines politics. That is, if a country is poor and continues to be poor and disorganized and doesn't get its economic act together, it is unlikely to be very powerful politically. Perhaps some communist countries such as Cuba are partial exceptions. The economic aspect certainly limits, over the long term, what a country can do. The opposite side of that coin is that a country which becomes wealthy can have a lot of influence, just by virtue of that money, although many countries choose not to use economic means to increase their influence. Money can buy a lot of good will. Taiwan is a case in point.

I think it was Kissinger, more than anybody else, who convinced the Saudis of the fundamental, key point on oil prices. The approach we developed in the NSC [National Security Council] at the time of the oil crisis [in 1973] was that it was important to convince the OPEC countries which had a lot of oil in the ground, such as the Saudis, that it was not in their interest to have oil prices go super high, and certainly not so quickly, or even to remain as high as they were. Of course a lower oil prices was our objective to help the economy and moderate the worldwide recession caused by the spike in energy prices. Our point was that high prices would cause many countries to prospect intensively for oil and find a lot of it, as well as other forms of energy. High energy prices would also cause many energy saving and energy conservation measures. Before long with supply up and demand down the immense amount of oil some countries had in the ground would be worth a lot less. Thus it was in the Saudi interest to prevent the price of oil from rising too far. This thinking was the opposite of OPEC's [Organization of Petroleum Exporting Countries].

We worked hard to convince the Saudi King and others of this analysis' validity. I wrote lots of papers. Finally, it was Kissinger who played the key role in convincing the Saudis.

Simon, then Energy Czar, may think he did it, but I'm not so sure that it wasn't Kissinger who was the key, probably because he presented this issue, not as an economist, but as a noted political scholar. He may have argued a future period of low oil prices could result in major political unrest and changes in a country like Saudi Arabia. He certainly saw that was the critical point. He saw oil prices and supply as factors of basic importance for the U.S. from the strategic and other points of view. Most of the time Kissinger didn't give economic factors much priority in his own work. Generally, when there was a bureaucratic argument, Kissinger preferred to find a political solution and avoided confronting the economic issues. His belief was that there was more than one way to cook an egg. If it didn't cook very well one way, he was in favor of trying to cook it another way.

Q: I still have the impression that, granted that oil seemed to Kissinger to be a “political” issue, it seemed to him to be even more an economic issue. He seemed to think that it was more of a “technical” issue and that other people should deal with it.

BUSHNELL: You're right about the long period after the crisis was overcome and oil prices stabilized. Kissinger thought dealing with long-term energy questions was the job of economists and technicians. As Secretary of State he wasn't going to get into it, and, by and large, he was not in favor of the State Department's getting into it.

Q: In the case of long-term, international financial flows, the influence of the Treasury Department has been much greater than that of the State Department. Also, as I see it, this has meant that the Treasury Department has had a fundamental influence on the long-term issues of foreign policy.

BUSHNELL: I think that's right, and I don't see anything wrong in this situation. The Treasury Department is a player and always has been a player in foreign policy. In fact, Treasury even has its own mini Foreign Service with Treasury Attach#s in the most important countries. That is another aspect which we haven't talked about. The Treasury Department conducts an important dialogue with the financial authorities in most major

countries. In part this dialogue is conducted by the Secretary of the Treasury and other senior officials during visits, at international meetings, and increasingly over the phone. But by far the greatest volume of such communication is among the senior working-level officials of the major treasuries of the world. Each major finance ministry maintains an office in Washington which is in daily touch with the working level of Treasury; these offices, usually but not always in the embassies, also conduct relations with the IMF and World Bank. Treasury maintains attach# offices in the major financial centers - London, Paris, Tokio, Berlin, Rome, usually Ottawa, and two or three poorer countries such as Mexico and Brazil. The working level dialogue is very technical; most treasury attach#s of whatever country are PhD level economists with decades of experience. Such attach#s stay at a post for a long time and become virtually a part of the host ministry. When I was at Treasury, our attach# in Paris had been there over 20 years. Our Treasury attach#s have major reporting functions as well as their relationship work, and almost all of this reporting comes through State and is distributed to all agencies. State regularly assigns FSOs to Treasury Attach# offices where they get valuable experience. In most countries State officers report on the monetary and financial matters that Treasury covers in the handful of posts where it has attach#s.

Based on my experience in Treasury I would say the State Department plays a larger role in international financial matters than any foreign ministry in the other major developed countriecertainly much more than in France, Japan, the U.K. or Germany. In these countries the respective foreign ministries are not involved in international monetary or financial matters. Generally foreign ministries did not get seats at Development Committee meetings, for example. Not only did Foreign Ministry officers not lead other delegations to Paris Club meetings from these major countries, but in most cases foreign ministries did not even have anyone on the delegation. While State was always included in delegations to annual meetings of all the financial institutions, there were few, if any, foreign ministry folks from the other major countries present. However, chiefs of state or heads of government were generally much more involved than is the usual case in the United

States. In short, for much of the world international finance is Finance Ministry business, and Foreign Ministers stay out of it. I'm not talking about the developing countries although I encountered few people from any foreign ministry at most international meetings I attended for Treasury.

The reaction I often got from my colleagues from other developed countries, most of whom did not know I was a career Foreign Service Officer, was sympathy that I had to put up with and even consult with “those people from the State Department.” They expressed amazement that the State Department had as much influence on policy as it did. For example, on Paris Club matters we found the State Department would send out a cable of instructions cleared by the Treasury Department (often written by Treasury). Our Embassy officers would go in to see people in the respective foreign ministries around the world to lobby in support of the position. This was usually useless. No one in the respective foreign ministries was dealing with these issues, and there was often not even an effective mechanism for them to pass on the message to their Treasury people. The way we could effectively lobby a foreign government on these issues was for the Embassy or Treasury attach# to see officials of the respective ministry of finance or for Treasury to contact the financial attach#s in Washington. Many, probably most, Embassies knew the situation and had the Treasury Attach# handle such instructions where we had one; in many other cases a State officer would approach the finance officials directly, as I did when assigned abroad.

One of the issues we continually raised worldwide was salary levels in the World Bank and the IMF [International Monetary Fund]. These two bodies were continually pushing up their salaries, which after tax were already higher than those in the US Government at similar levels. We didn't think such salaries were appropriate or necessary, and in Congress these salaries were frequently mentioned as a reason to reduce support for the institutions that were supposed to help poor countries but in fact had far too many employees who helped themselves to pay well above what Congressmen make. Ritualistically, we sent cables cleared by State to the Embassies in every country which was a member of the institution

about to address this salary issue instructing them to make representations against any increase in the already high salary levels. I saw these approaches weren't doing any good, nor were our approaches to Washington treasury attach#s, most of whom favored higher salaries because they might work for the financial institutions at some point. I had my staff draft personal, individualized cables from the Secretary of Treasury to a dozen or so key Finance Ministers. By golly, that got attention! We actually stopped or moderated some increases. This was an example of some very good work by my staff. We were able to tell the German Finance Minister, for example, and I don't remember all the details, that the proposed salary structure would have made the salary of an office director in the World Bank higher than what a member of the German Parliament made. Finance ministries around the world considered IMF and World Bank matters their turf, and even some of the most important Finance Ministries do not do much coordinating with their foreign offices. It is a credit to our diplomatic skills that many of them do listen to our Embassies.

Q: My point, John, and I know this attitude is shared by some of our under secretaries for economic affairs, including Bill Casey and Dick Cooper, for example, is that most of our Embassies are mainly preoccupied with the immediate, political situation and give relatively little priority to the longer term, economic trends. That is, the deeper forces which have a longer term potential for affecting how things will be in the future.

BUSHNELL: That is a matter of opinion. When we discuss Argentina while I was there, you will see that was not the case. However, I agree that most FSO's do not give high priority to the things that might move something in the direction we like in the longer run but which have no impact in the next couple of years, i.e. during the rest of his or her tour. Offices of some other agencies in our embassies do a better job on this point. Commerce Offices for example, in part because they employ substantive local employees who spend their entire career in one place promoting trade, do a lot of things with little short-term effect which may pay off in major exports many years down the road. USIS does a lot with younger journalists and cultural figures which often has its payoff a decade or two in the future. However, I do not think of many programs or even of much guidance that the

State Department has given the field to improve embassies' focus on long-term trends. Over more than 30 years I have seen only a few think-pieces from Embassies that look at long-term economic trends, and these usually do not analyze what could be done now to improve the long-term trend from the viewpoint of US interests. Of course economic projection is no science, and anyone writing a cable about what the economy of a country will be like 10 or 20 years from now is not going to have much credibility. Embassies do reports analyzing the implications of education or labor policy for future economic developments, but I had the feeling, when I was in the field, that no one above the junior desk officer read such reports.

Q: There clearly are differences in point of view between the State and Treasury Departments. Can you think of any interesting examples where you were caught in the crossfire?

BUSHNELL: During my timperhaps I was luckthere were no basic policy differences between Treasury and State, at least taking State as EB. Of course we had differences in nuance, timing and tactics which needed to be compromised, and some bureaucratic spats such as leading Paris Club negotiations. But we did not have real policy differences. State did not favor using SDR's for development finance and Treasury oppose this use. If State wanted more funding than Treasury for the IFIs, State backed off given the difficulties of getting OMB and Congressional approval. I talked about efforts to arrange a forthcoming Kissinger speech at the UN where Treasury vetoed most State ideas, but State did not push these ideas later.

Both Treasury and State had problems with legislation passed while I was at Treasury which required us to vote against IFI loans to countries which violated international standards of human rights. The administration opposed this legislation. Treasury argued that it injected non-economic factors into institutions which were designed to act only on sound economic principles. State argued that it removed flexibility in dealing with human rights issues and provoked confrontation which could be detrimental to many US interests.

Q: Oh, yes, this goes back to a period before the Carter administration. I would have thought that would have been an issue a few years later.

BUSHNELL: The issue did not go away. The first such human rights legislation was an amendment apparently aimed at Chile. The wording was ambiguous. This amendment required us to vote against loans supporting countries which seriously violated human rights. This must have come up initially in late 1995 or early 1996, toward the end of the time when I was detailed to the Treasury Department. Soon after this legislation became effective there was an IDB loan proposed for Chile.

Q: This would have come up well after the death of President Allende.

BUSHNELL: Yes, late 1975 or early 1996. After the passage of this amendment, we decided in the NAC that the State Department would have the responsibility for determining when the human rights record of a country required a negative vote. The State Department would inform the NAC on a loan-by-loan basis when it made such a finding. Treasury and other economic agencies did not want to get involved in making judgments on human rights. There was no great enthusiasm in the State Department for making such a finding. State later took the lead in organizing a working group of donor countries to try to develop a common front on human rights in the IFIs. I think this was started in part as a tactic to head off such amendments. Unfortunately the attitude of other developed countries was that human rights should be kept out of the IFIs, and the U.S. would have to suffer with its Congressional problem.

On the loan to Chile I asked my Treasury colleagues at the working level of the NAC whether any agency had raised any issues on this loan. None had. But I was informed that State may have human rights problems with this loan. We proceeded routinely preparing for a yes vote. Then one of the Treasury lawyers who supported my office told me: “You'd better call somebody at the State Department. Don't just let a Chile loan go by inadvertently, because then the Congress will blame the Treasury Department for doing

this without notifying the State Department." Of course, the State Department was fully aware of this proposed loan to Chile and had been in the NAC meetings reviewing it. I called State DAS Paul Boeker and asked what the State Department was going to do about this proposed loan to Chile. He said: "We've been having a great debate. The issue has been referred to Secretary Kissinger for decision." I said: "You know the procedure is for you to notify us in Treasury to oppose the loan if that is your decision. If the State Department doesn't notify us, then we'll go along with it. If anybody complains, we'll tell them that the State Department expressed no objection to the loan." He said: "You can't do that." I said: "What do you mean? I'm not going to make a judgment on human rights. The decision is supposed to be made in the NAC [National Advisory Council]." Boeker said: "The State Department has indicated that there are human rights problems in Chile." I said: "That may well be, but the State Department has not informed us in Treasury that the problems are such as to require a negative vote."

Q: There really was a problem soon after General Pinochet took office.

BUSHNELL: Yes, there were human rights problems in Chile, but there were also human rights problems in a number of other countries as well. There were certainly major problems in Chile in the aftermath of the 1973 coup d'etat which resulted in the overthrow of President Allende. There was a substantial number of people who had been put in jail, tortured, and even disappeared, generally meaning killed. There was a debate on how many people had been so treated, but...

Q: The question was also how far "Left" these people were who had been arrested. There was quite a number of "innocent" people who were mistreated in one way or another.

BUSHNELL: We could debate how many of them were innocent, but this was not appropriate for consideration of the issue in the NAC. This human rights decision was obviously a difficult issue within the State Department. Finally, this issue came to a head on the day before the IDB vote. Paul Boeker called me and said: "We decided in the State

Department that we should vote against this loan to Chile and not say why." I said: "We can't do that. We seldom vote no on a loan, and we always explain why. That's the way we work in these organizations. We don't just pull out our sword and oppose a proposal. We vote for reasons and we explain them." Actually we usually worked quietly with the IFI and often the borrowing country for weeks and even months before a vote to try to avoid a negative vote. I continued: "Besides which, everybody will want to know whether our no vote is based on human rights considerations or whether there is something else wrong with the proposed loan." Boeker considered the problem for a while. I added: "Besides which, I'm not going to vote against the loan just because of a phone call. I need a memorandum to this effect."

There was no time to set up a meeting of the NAC to consider the matter. I told Paul Boeker that I needed a memo signed by a senior official in the State Department. It should state that this proposed loan should be opposed because of the Chilean human rights situation and the Foreign Assistance Act article so and so. Thereby under the approved NAC procedures State would be advising Treasury to vote against it. It was probably the next morning, the morning of the vote, that a messenger came to my office with such a memorandum, which was signed by Boeker himself. I immediately called our Executive Director in the IDB [Inter-American Development Bank], John Porges, to instruct him to vote no. I had been in contact with him every few of hours for several days and had instructed him to keep senior officials of the IDB and the Chilean director informed that there was consideration of this new amendment in the USG. John Porges was a political appointee who was not always clearly aware that he had to take orders from Treasury, let alone from State. He said he wasn't going to vote no. I said: "What do you mean that you're not going to?" He said: "I don't agree with that legislation, and I don't think State is interpreting it correctly." I said: "You don't have any choice. It's the law of the land, and the NAC procedures have been followed albeit at the last minute." He said: "Send me a letter of instructions."

I figured a written instruction was the least I could do, so I dictated a couple of lines and called the Office Director for the IFIs to my office. I gave him the letter to delivery immediately, and I instructed him that, if the Executive Director still said he would not follow the instruction, he should call me and notify the IDB that I would attend that Board meeting myself in representation of the US Governor. I had previously done this. Porges voted No at the Board meeting, and that was the beginning of our use of votes in the IFIs [International Financial Institutions] to implement our human rights policy which, of course, became a much bigger issue, subsequently.

Q: During the Carter administration.

BUSHNELL: During the Carter administration I had a lot of involvement in human rights votes in the IFIs. One footnote, due to the views of the same director of the IDB [Inter-American Development Bank] I had replaced him earlier at a Board meeting. The NAC had decided to vote against a loan to Costa Rica for the development of a profitable hydo-electric power plant. Our view was that the project could and should pay for itself at the usual non-concessionary rate of interest of 6%, or something like that. Thus the loan should be made from the ordinary capital resources of the IDB not from the soft money which we justified to Congress as supporting social projects in the poorest countries. Despite the fact that we had made that view known well in advance, the IDB insisted on financing the project with soft funds because the IDB had promised Costa Rica soft loans that year and no loan project reaching the poorest Costa Ricans was ready. The NAC vote was unanimous on opposing this loan. Sometimes we had recorded votes on issues like this within the NAC [National Advisory Advisory Council], but most of the time the NAC would come to a decision by consensus. Because of the weighed voting and the large majority required for soft lending, our no vote would be a veto.

I talked to Ray Sternfeld, who was the number two, the Executive Vice-President, of the Inter-American Development Bank. He said the Costa Ricans and others were insisting on this soft-term loan, and it would be impossible for the Bank to do anything but present

it to the Board. I called the US Executive Director, who had attended the NAC meeting. He said that he had tried to stop the loan but he couldn't and he could not vote against it because such a vote would destroy his relationship with the Costa Ricans, some other countries, and the Bank staff. He said he was going to be traveling. I said he wasn't going to be traveling because he had to attend and carry out NAC policies. He said: “You come over. You're an Acting Governor.” I decided I didn't have much choice. I went to the Board meeting and explained our position. I tried to put things delicately, pointing out that I had lived three wonderful years in Costa Rica, had a son born there, and loved the country. But I already had great problems in getting appropriations from Congress for the IDB (which everyone on the Board knew). Thus I had no choice but to oppose the loan. I never heard from the Costa Ricans on this issue. The loan eventually was restructured to ordinary capital, and the project went ahead.

Q: Did you ever deal with Bill Casey while you were with the Treasury Department? Was he with the Export-Import Bank by that time?

BUSHNELL: Yes. He was the President of the Export-Import Bank during roughly my first year at Treasury. He attended a few senior NAC meetings, and on more than one occasion, when we had a problem with Ex-Im, and we often did, I met with him and one or two other directors. I recall riding in his car to or from some meeting. He seemed fascinated that I had worked for three years for Kissinger, who he seemed to dislike, and now I was at Treasury. After one meeting in his Ex-Im office he drew me aside and said I was the sort of operator he liked and there was a place at Ex-Im if I were interested. Treasury had problems with Ex-Im mainly because it insisted on lending for exports of big companies that could easily arrange commercial bank financing. Ex-Im argued it only matched terms offered by other countries' export financing agencies. But we believed such terms often were not essential and it was often not clear Ex-Im and the US exporters did not start the financing competition. Most of Ex-Im's money came from the Federal Financing Bank which is controlled by Treasury, and Secretary Simon finally had to tell Casey he was cutting way down on his funding. That got Ex-Im's attention, and I was able

to work with Ex-Im to get more of the financing done on commercial terms without Ex-Im or with only an Ex-Im guarantee.

Q:. When did Casey, Undersecretary of State for Economic Affairs, go to the Export-Import Bank?

BUSHNELL: He departed State soon after Kissinger arrived, probably early 1974. I also had a lot of dealing with Stephen DuBrul who replaced Casey at the Export-Import Bank early in 1976. We did a negotiation together in Paris, which was an example of effective quiet diplomacy. Of course, the role of the Export-Import Bank was to finance American exports. The view of the Treasury Department was that Ex-Im should apply the sort of criteria we were talking about for loans from multilateral institutions. That is, if the project didn't make economic sense, we shouldn't put any Export-Import Bank money into it. If the country concerned was going to the dogs, we shouldn't extend Export-Import Bank loans and end up having to re-finance or write off those loans. All Ex-Im lending was subject to NAC review, but for smaller operations the NAC set only general guidelines and did not review the operations loan by loan..

Q: Also, there's the factor that, in theory, we opposed export subsidies. There was a bit of quibbling there as to the degree to which the Export-Import Bank's loans were subsidies.

BUSHNELL: On that point, through the various finance ministries around the world, we made an effort to rationalize and standardize the various practices being followed for export financing. The problem was that the financing of exports was getting to be competitive. The various governmental export banks of developed countries would reduce their interest rates and do other things to get export business away from another country. Export-Import Bank loans were a way of subsidizing such exports.

Q: You tried to negotiate principles to govern these loans in the OECD [Organization for Economic Cooperation and Development].

BUSHNELL: Yes, in the OECD and in other ways. In fact, the negotiation in Paris I just mentioned was part of this effort. We were negotiating a so-called gentlemen's agreement on export financing under which there were harder terms for richer countries and agreed easier terms for the poorer countries. Financing on aid or concessional terms was not included, only export financing on close to commercial terms. There was growing competition especially in making the financing longer and longer term. Also interest rates would be subsidized for at least a few years to get sales. Another problem was some countries' mixing concessional and export credits, thus getting export orders even though their prices were not the lowest. The most difficult country was France, because France regularly used its export financing bank to get business for French exporters. Secretary Simon regularly raised this set of issues at G-7 meetings with the leading finance ministers. Other ministers indicated they felt there should be action to limit export financing competition and they would agree with any compromise developed between the U.S. and the French.

Q: Japan did much the same thing but was more subtle about it.

BUSHNELL: Yes, but Japan was always willing to take action on visible exports because it was flexible on related invisibles [i. e., the associated services]. Japan was willing to accept the limits we were trying to negotiate. As I said, the French were the most difficult. As we were approaching a showdown on this issue in the OECD, we decided to try to reach a bilateral agreement with the French, because, if we could get an agreement with the French and we were the opposite poles on this matter, everybody else would agree. I went to Paris with a couple members of my staff who were experts in this area and the President of the Export-Import Bank, DuBrul, who was accompanied by several members of his staff including at least one lawyer. We wanted to hammer this matter out with the French. As I said earlier, the way we often worked with the French was to use a back channel [secret channel] between de Larosiere and Undersecretary Yeo. They spent a weekend on a ranch in France and reached agreement on the main points. I knew what

this agreement was, but nobody else in the delegation even knew there had been such a meeting, including the President of the Export-Import Bank.

In Paris we spent a couple of days in negotiations. The head of the Export-Import Bank was having fits as he thought I was negotiating improperly because I was spending most of our time negotiating the details, which only I knew weren't covered by the de Larosiere/Yeo Agreement. I wanted to get those minor points right, knowing that at the end of the day the main points were going to fall into place. But I couldn't tell anybody that. I kept telling the head of the Export-Import Bank: “Don't worry, we'll take care of those things when we come to the end, and they'll fall into place.” I outlined for him where the negotiations would come out, but he said the French would never agree to that, although he seemed to like the compromise himself. I made some concessions and so did the French on the details, and we had working groups of experts and lawyers get agreements down on paper with some blanks on the half dozen major points. Of course for the previous year these major points on mixing concessional aid and interest rates and other terms had been the main subjects of dispute. That's where the real disagreements had been.

Lo and behold, we reached the end of the second afternoon. I wondered how we were going to end this negotiation. We had pretty well worked out the minor points. I then made a proposal on all the major points, which, with one exception, was what had been agreed between de Larosiere and Undersecretary Yeo. My French opposite number who, I think, had been playing the same game with his delegation of not telling them what was going on, asked for a break. He told me privately he would accept what I had proposed with one exception. This was of course the one issue which I had changed from the secret agreement. He said he needed until first thing the next morning to get his delegation on board. I agreed to be flexible. The next morning we agreed rapidly. After we adjourned, DuBrul said to me: “How did you do that?” He said he thought we would never reach an agreement, and all of a sudden, there it was. I said: “Well, I didn't work for Kissinger and Simon for five years without learning something, and there had been some

previous discussions”. My own staff was equally amazed. The OECD agreement was soon finalized. However, this negotiation did not resolve competition in export financing for long. One country or another found some angle to give its exporters an unfair financial edge. Thus international discussions continued for several years.

Q: Did you have any interaction with the CIA [Central Intelligence Agency] when you were on detail to the Treasury Department? Did you see their reports or get briefings from CIA people?

BUSHNELL: Yes, I read a lot of CIA reports. They had staff assigned to the Treasury Department who would bring us the more sensitive reports and who were available to feed back questions and interests to the analysts and collectors. Of course, a lot of their reports simply flowed into my in- basket without any intervention on my part.

Q: What did you think of them?

BUSHNELL: Only a few of their analyses were relevant to anything we were doing. The analytical work of my staff was generally better or at least more focused on Treasury issues. Of course, my staff benefited from both the data and analysis of CIA. On a few occasions CIA intelligence revealed what other countries' positions were when we were involved in negotiations with them. These reports were often quite useful.

Q: Did you get much CIA intelligence of this kind?

BUSHNELL: Not all that much; we usually did not have this intelligence when we most needed it..

Q: One thing that you might cover is that you received an Exceptional Service Award when you were in the Treasury Department. What was that about?

BUSHNELL: I don't really know. Secretary Simon and Under Secretary Yeo thought I did a pretty good job in the Treasury Department. In fact, toward the end of my service there, after Chuck Cooper left, Ed Yeo wanted me to move up to the Assistant Secretary job.

Q: Would you have accepted it, if offered?

BUSHNELL: It was very tempting. I enjoyed the work and the challenges at Treasury. But there was the complication that there were two such jobs. Gerald Parsky was also an Assistant Secretary of the Treasury with international responsibilities. He wanted to take both of these Assistant Secretary jobs and combine them, which made a lot of sense. If I had taken the Cooper job, there would have been a bureaucratic problem with Gerry Parsky. I don't know whether I would have been offered the job, even though Ed Yeo may have wanted me in that position. Anyway, I didn't want to get into that sort of a fight. Besides I had been away from the State Department for five and one-half years, at the NSC [National Security Council] and then at the Treasury Department. I thought it was time for me to get back to the State Department. If that was going to be my career, I wanted to return to it. If State wasn't going to be my career, Jack Bennett, who had been the Under Secretary of the Treasury when I first went there, wanted me to go to work for the Exxon oil company where he had returned as a senior VP. I had other tempting offers as well.

Q: Exxon Oil Company?

BUSHNELL: Yes. There were also exploratory feelers from some of the commercial banks. Mentioning oil and commercial banks reminds me of another big issue we worked on at Treasury. I'm not sure what the full story was, so I can only tell what I experienced. The sharp increase in oil prices in 1973 had a tremendous effect on developing countries which had to import most of their oil. The added cost caused large balance of payments deficits that had to be financed. Most countries cannot cut back sharply and quickly on their consumption of energy. By 1994 when I went to the Treasury Department, quite a

few developing countries were facing balance of payment crises. During the period of adjustment to the higher oil prices we encouraged commercial banks, the IMF, and others to provide financing for those countries which were severely affected by the oil crisis. Brazil, South Korea, and a number of Asian countries were big importers of oil.

Q: Didn't they call these countries the “most severely affected” by the oil crisis?

BUSHNELL: Yes, MSAs were countries reeling from the oil price increase. The Treasury Department encouraged the commercial banks to lend these countries a lot of money to help them get over this transition period. However, we saw this as a transition only. These countries had to adjust to the new oil prices. No one can adjust overnight, but the MSA countries needed to adopt policies to expand exports and reduce imports gradually, so that they would need less financing to purchase needed oil supplies. They couldn't just keep getting these large amounts of money to finance their imports of energy in the hope that the price would go down. Of course, there was no guarantee of how fast that was going to happen. Related to this problem was another factor. Because of the anti-trust laws in the United States the main US commercial banks could not, in general, meet together and coordinate their lending policies. You can see that, if the 10 biggest banks in the United States, for example, agree that they would charge 9% interest on loans to General Motors, there would be no competition among them, and such colusion would be in violation of the anti-trust laws. What would be the difference if they met to decide what they were going to do in handling loans to Brazil? Some of the larger developing countries had loans from hundreds of commercial banks from many countries. It was not practical for them to negotiate revised lending terms and new loans with each of these banks separately. Thus a country would ask one or two commercial banks, generally from among its largest lenders, to organize and chair a steering committee to negotiate revised terms, with the members of the steering group then presenting the negotiated deal to all the other banks around the world. The meetings and work of these steering committees were recognized exceptions to the anti-trust laws, just as bankruptcy committees are an exception.

However, the principal legal way in which the most senior officials of the leading banks could get together in the same room to discuss these debt problems without the borrowing country present was to meet with Treasury officials. Then such a meeting would be legal because it was a meeting with Treasury officials and was not a meeting exclusively among private banking officials. I participated in a number of such meetings. Sometimes these meetings were chaired by an Assistant Secretary of the Treasury, maybe the Undersecretary of the Treasury, or on a couple of occasions the Secretary. Sometimes, I chaired meetings with representatives of the 10 or 12 largest commercial banks to discuss these problems. I also had the job of meeting with representatives of some smaller banks which did not approve of the steering committee process or its results. Internationally each lending country was responsible for contacts with the commercial banks with headquarters it supervised; of course there was much coordination by phone and in person among the governments of the leading lending countries. At first, the object was to encourage the private banks to be forthcoming on both terms and new loans. However, as time passed, we had to press for more economic adjustment in quite a few countries. The largest MSA debtor was Brazil. We reached a point where it appeared Brazil was not taking adjustment measures but merely borrowing more and more. Brazil was clearly not moving to adjust to the new situation with higher oil prices. Almost everyone agreed that a tough line had to be taken with Brazil. The IMF [International Monetary Fund] refused to expand its program of drawing for Brazil. The World Bank took the same position. It was time for the private bankers, who were supplying most of the new money, to get tough and not lend to Brazil until new policies were adopted.

The Brazil problem was discussed in two meetings Treasury had with the private banks. My recollection of the first meetings is that it was unanimously agreed to follow the tougher policy. Soon after the first meeting, the message was conveyed to Brazil. Banks and governments of other lending countries took a similar line. Brazil showed no sign of tightening monetary policy or otherwise slowing its quite exceptional growth rate. Treasury held a second meeting with the banks to reinforce the adjustment requirement; there was

no disagreement with the strategy although some bankers thought Brazil would continue to be stubborn. Not too long after this second meeting, much to everybody's amazement, the Chase Manhattan Bank broke ranks and made a major new loan to Brazil. In the face of that competitive move, a number of other commercial banks did the same. The Brazilians continued to put off adjusting to the new level of oil prices. This adjustment delay extended Brazil's economic boom for another year or so, before the whole situation collapsed in a much more serious way than it would have if gradual adjustment steps had been taken earlier.

In Treasury we were frustrated that a good strategy that had seemed to have been working was disrupted by the irresponsible actions of one American bank, which had not even consulted with us although its senior officials had been attending the meetings. The story I heard from banks other than Chase Manhattan is that the chairman of Chase Manhattan, David Rockefeller, overruled his chief operating officers who had attended our meetings. Officers of Chase Manhattan told me the problem was that people in Chase Manhattan Brazil had allowed themselves to become committed to further loans without New York approval in a way they could not get out of. I don't know what the truth is, but it was a sad moment for Treasury and for cooperation among the large American commercial banks. Of course, we had been doing a lot of coordination with the German, Japanese, British, Dutch, and other Treasuries and through them their banks. So this became a worldwide problem. It was very embarrassing to have one of the largest American international banks break ranks on this issue. International cooperation was made more difficult not just on Brazil but on other countries and issues. This was a painful experience which certainly made the Secretary of the Treasury unhappy. He took it on himself to raise this issue with David Rockefeller, but I don't know what happened in that conversation.

Q: Do you think that your career at the Treasury Department helped or hurt your career as a Foreign Service Officer?

BUSHNELL: It is hard to say. It depends on how you define career success. A simple answer could be that it helped my career because, having just been promoted to FSO-2 when I went to the Treasury Department, I was soon thereafter promoted to FSO-1. I was doing the job of a Principal Deputy Assistant Secretary of the Treasury, a major cabinet department. I guess most Treasury people thought I was doing a good job. That may have contributed to my rapid promotion to FSO-1 after much less time, only two years, than is usual at FSO-2. One can debate whether that kind of rapid promotion helps a career over the long run. If the career objective is to be ambassador in several countries, it would be better to spend time net-working in State and getting experience as a DCM in embassies instead of taking a long mid-career detour to policymaking and supervision in other agencies. In the State Department, and particularly in the Office of Personnel, assignments people didn't consider being a Deputy Assistant Secretary in another government agency the same as being a Deputy Assistant Secretary of State. The State Department evaluates officers who have assignments in other agencies by having a Foreign Service Inspector visit the agency, interview the officer, his bosses, and staff and prepare a report for his file. These IG visits are particularly needed where the rating officers who prepare the standard State evaluation have not had experience with the State system. As I recall, I was visited only once by an inspector at the NSC where there were lots of FSOs. In the Treasury Department I had the good luck to be inspected by Bob Sayre, at the time the Inspector General himself, who was favorably impressed by the job I was doing.

Q: He has the reputation of writing fairly generous efficiency reports, anyway.

BUSHNELL: I don't know about that. I was out of the main stream in the State Department during my service in the Treasury Department. More than that, when I left Treasury, I had spent five and one-half years in Washington assignments without having had any of that experience in the State Department itself. I had then been in the Foreign Service nearly 17 years and only the first three had been in the State Department itself; more than half

my career I had at least technically been on loan to another agency. Normally after about five years in the State Department you not only have your Washington experience but are able to line up your next job overseas. I had not done that. I was too busy working in the Treasury. I was concerned about my next assignment. When assignment to the Senior Seminar on Foreign Policy was offered, I knew it would be a good year, but I wondered if it would get me back into State's mainstream, especially as I would not have served in a regional bureau such as ARA for eight and a half years when the Senior Seminar finished.

Q: What did you think of the Senior Seminar?

BUSHNELL: In those days we did wish lists seeking assignments. I put down senior training or a DCM job overseas. I had been selected for the National War College when I was serving on the NSC [National Security Council] staff, but that assignment didn't work out, as I said previously. Now I had been promoted twice so I was not eligible for the War College. The Senior Seminar was something I wanted to do. I did not object to going overseas, but I had nothing lined up.

Q: So you went to the Senior Seminar. What did you think of the Senior Seminar, compared to the National War College? Is the Senior Seminar the more useful to a Foreign Service Officer?

BUSHNELL: I don't know. The National War College is more structured and a larger operation than the Senior Seminar. A big part of attending the National War College involves networking with military officers and getting to understand how they think, as well as educating them a bit on the Department of State and how the diplomatic service works. If you are going to do jobs that involve working with the military and you haven't worked with them a lot, attending the National War College is a good thing to do. I had already worked a lot with the military, so I wasn't particularly in need of such experience. The National War College focuses largely on national security issues abroad. On the other hand, the Senior Seminar is much more about the United Statewhat makes the U.S.

tick as it were, what underlies foreign policy. I certainly found the Senior Seminar a very interesting and broadening experience.

I don't know whether the Senior Seminar prepares an officer well for future jobs in the State Department. The Senior Seminar has been criticized for not doing more in terms of expanding an officer's job and management skills. At the time I attended the Senior Seminar, little was done toward improving skills that were likely to be useful in the next assignment. However, it was certainly useful in preparing one to explain the U.S. abroad, and substantial time was given to demonstrating military programs. Over the past few years, I have been told it has focused more on job and management skills. It was a wonderful, decompression year for me, without a lot of stress. After 17 busy years in the FS and especially after five very demanding years at the NSC and Treasury I appreciated a chance to catch my breath and spend more time with my family. In the Seminar we looked at a lot of problems that I wasn't familiar with. I ended up understanding a lot more about the United States.

Q: What did you consider the most useful aspects of the Senior Seminar?

BUSHNELL: I think the most useful parts were visits around the States, meeting with government officials and private leaders throughout the country and listening to their explanations of what they saw as their problems. In some cases their problems had no interface with our foreign relations. However, these meetings helped us to understand what issues affected people around the country. Certainly, they helped me to appreciate better why I had encountered many problems with Congress while trying to get support for foreign aid programs. It was clear why there was no substantial constituency for aid in the country, given the many closer-to-home problems.

Q: Aside from the need for more attention devoted to skill development, were there other aspects of the Senior Seminar that you were critical of? Did you also get a new

perspective on the overall program of our foreign relations, as you knew it, and how it could be improved?

BUSHNELL: We had quite a few speakers from the foreign affairs community, but we already knew much of what they said. It was interesting to be in a small group with these thinkers and actors, but Iwould not say I got a new perspective. We also had six weeks to prepare our individual projects.

Q: What was your project?

BUSHNELL: By that time I was looking for my next job. I was interested in being Minister for Economic Affairs in London. Thus I did a comparison between the economies of the United Kingdom and the United States. At that point the UK economy had been more or less stagnant for a long time. In particular I examined whether and by how much the U.S. was behind the UK in moving into economic stagnation. I looked at a great many indicators for both countries over time. I went to London to talk to a large number of UK experts. If I had become the Minister for Economic Affairs in the Embassy in London, this study would have been good preparation. Most officers attending the Senior Seminar do not use their projects in that way but rather look at domestic issues. I thought that so much time spent on domestic problems without a major foreign affairs interface was, to a large extent, irrelevant to anything I might do in the Foreign Service thereafter.

Q: Had you been told you were going to be assigned to the U. K. as Minister for Economic Affairs?

BUSHNELL: I had put that assignment on my annual wish list. Jules Katz was the Assistant Secretary of the Bureau of Economic Affairs, and I had talked to Jules about this assignment. Both he and the Bureau of European Affairs favored it. I thought that assignment was all set until late in the spring. The Department was waiting to panel me until the incumbent in London had been paneled for his next job. Finally, he decided to stay in London for another year before he retired from the Foreign Service. Thus this job

was no longer available for me. As that development came late in the assignment cycle, there weren't many other jobs available by that time.

Q: One might have thought that you might have been assigned to EB [Bureau of Economic Affairs] at that stage. Did you want an assignment of that kind? I mean, a desk job in EB.

BUSHNELL: At that point I had spent six and a half years in Washington, so it was time to go overseas. I was ready to go overseas and thought that was the next logical assignment. I wasn't looking for a Washington job. Just before I had left the Treasury Department a year earlier, Sam Lewis, who was the Assistant Secretary for IO [Bureau of International Organization Affairs], called me and asked me to be his deputy in that bureau. I said, no. I really didn't want to do that. It was time for me to go to the Senior Seminar and not be working 12 hours a day, seven days a week in IO. He explained to me this job in IO was only five days a week! So my career planning was interfered with by the fact that what I wanted to do, and almost everybody agreed with me, blew up more or less at the last minute, way into the assignment cycle.

Q: Wasn't Frances Wilson a key figure in personnel at that time? Did you know her?

BUSHNELL: I knew her, yes, but I didn't talk to her about my next assignment. I knew Jules Katz and talked to him about it. I suppose he talked to Frances Wilson, since she actually handled the details of assignments for EB.

Q: She dominated assignments in EB at the time. So what happened? Didn't Phil Habib ask you to do some kind of study on the Caribbean?

BUSHNELL: When I finished the Senior Seminar, I was essentially unemployed. I hadn't been given any assignment.

Q: This would have been about June, 1977?

BUSHNELL: Yes, the Senior Seminar concluded in June. I then sat on a promotion board. Let me put in a bit of background. At the beginning of 1977 the Carter administration entered office.

Q: Phil Habib was in charge of Caribbean Affairs?

BUSHNELL: He was Under Secretary for Political Affairs. He had some background in the Caribbean because, as a junior officer, he had served at the Consulate in Port of Spain, Trinidad. One problem identified by the new Carter Administration was how to arrange our relations with the small countries in the Caribbean, many of them historically tied to the UK or other metropolitan countries. Those ties were coming apart. Their economies were in bad shape. There was major Leftist influence. I don't know whether I would call it communist is the Soviet empire sense, more intellectual Marxism. Cuba certainly had influence on them, and there was great influence from the London School of Economican extreme socialist point of view. There was an anti-United States tendency. There was a lot of migration from these countries to the United States, much of it illegal.

Q: Some kind of an economic and social organization [the Caribbean Commission] was created during World War II, when virtually all of the Caribbean Islands were dependencies of one European country or another or of the U.S. That organization mutated in strange ways. As the islands became independent, a different situation emerged.

BUSHNELL: That's right. As many of these territories had become or were becoming independent, this was an area of potential unrest, with migration and many other problems developing. There was a potential for the emergence of new Cubas. We needed to adjust on foreign policy to counter this threat. There was a perception in the new Carter administration that this situation needed to be addressed urgently. A high-level mission was sent to visit several of there countries and gather ideas. Mrs. Carter, the wife of President Carter, served on this mission. Phil Habib was the senior State Department

official. There were officials from other agencies in the Government, including AID [Agency for International Development], the NSC, and Commerce. This mission talked with Caribbean leaders to find out what the problems were. The idea was to show these territories some attention. These territories had been neglected under previous administrations.

Q: This would have been in early 1977, when you were...

BUSHNELL: When I was still at the Senior Seminar. I think the mission made its visits in May, 1977. A new administration needs some months to get organized and to set up a trip like this. The mission came back and wrote a report which basically said that we needed to pay more attention to these territories and to provide them with more aid because everywhere the leaders had identified economic progress to reduce poverty as their key objective.

Q: Was there some staff person from the State Department traveling with Phil Habib?

BUSHNELL: Of course. Luigi Einaudi went along with several other people from ARA. In fact I believe Terry Todman, the new Assistant Secretary for American Republics, went on at least some of the trip. The report of the mission was largely written in ARA.

Q: What was Einaudi doing on this trip?

BUSHNELL: Luigi headed the ARA Office of Policy Planning or whatever it was called. The Habib report identified problems but not specific solutions. Thus the decision reached at some interagency meeting was for the State Department, meaning ARA, to come up with recommendations of what to do. Apparently ARA was not making fast progress. Only a few papers were prepared during the summer. Phil Habib was not happy with the way this work was going in ARA. He and Bill Stedman, who was then the Principal Deputy Assistant Secretary in ARA, decided that they would ask me if I would set up an

interagency study group and present recommendations. I agreed to do that and started on that job about the end of August, 1977.

Obviously, there was a substantial problem for the national interest because these territories were located close to us. In general, these countries were not extremely poor. They weren't like many of the African countries. Their former European rulers had made many investments, and at some time in the past most of these areas were quite prosperous. In fact, they were probably overdeveloped in terms of education. They had lots of educated people, and social services were generally more advanced than the economy could pay for. They just hadn't organized themselves effectively to produce with what they had. Therefore, their economies weren't able to support the sort of educational, health, and other services their democratically ruled populations demanded and needed. Infrastructure was deteriorating as the metropolitan countries reduced, or at least did not increase, their subsides and aid. Poor productivity and falling per capita incomes were leading to a lot of distress and dissatisfaction, paving the way for people with more socialistic and even communist views to take over. Where such more socialistic parties had won elections, they tended to make bad economic policies worse. A good example was that the Jamaican government had taken over the bauxite mines but then found production dropped sharply and there was difficulty marketing what they did produce. In the Caribbean there were very small newly independent islands such as Antigua, San Vicente, and Dominica, and somewhat larger countries on the mainland such as Guyana and Surinam. There were relatively prosperous islands such as Barbados and Trinidad and still dependent small territories such as Montserrat. I looked at a large range of potential policy changes.

Q: You said that you had a group of people working with you.

BUSHNELL: Yes, I organized a committee or working group. I had people from AID [Agency for International Development], the Department of Commerce, STR [President's Special Trade Representative], and CIA [Central Intelligence Agency]. We may have had

some people from the Department of Defense. I had several officers from ECP, which is the economic division of ARA. Some from EB.

Q: Did you have Janina Slattery?

BUSHNELL: Yes, Janina Slattery was one of the most helpful ARA officers. She did a lot of the drafting work. The working group concluded there was no silver bullet to solve the Caribbean problems. We looked at many trade proposals. There was already a kind of Common Market approach which included most of the countries of the Caribbean although it was weak, limited, and not really a free trade area. We already had GSP [General Specialized Tariff Preferences], which applied to this area as well as to much of the developing world, although there were lots of restrictions to these arrangements. There were a few preferential tariffs for the area, but nothing across the board.

Because we already gave these countries GSP arrangements, aside from the sensitive areas such as textile and agricultural products, almost everything these countries could produce could be imported into the United States, duty free. Thus it wasn't easy to find any trade concessions that would do much. In terms of textiles, these were generally very small countries, and they thus had quite good opportunities to export more textiles to us without reaching their quota limits, particularly if they did not concentrate on just a couple of items. But wage levels were not nearly as low as in many other developing countries. In fact the basic problem generally was not export opportunities but getting efficient production competitive with costs elsewhere in the developing world.

For the agricultural products they produced many preferences were already in effect, particularly for countries associated with the British and the French. But again they tended to produce rather poor quality but expensive products, many of which were already duty free in the U.S. anyway. I was persuaded, as was almost everybody on this committee, that we had to find something other than trade measures which would have a quick impact. Phil Habib had said we didn't want these territories to become a Cuban

playground. He felt we needed to get these countries oriented in a more constructive direction, and soon. The only thing I could find that would have a short term effect would be a substantial increase in aid levels. Coupled with policy improvements, higher aid could get most of these areas on a path of sustained growth. Our aid level was low, and aid levels from other countries generally were going down.

Many of these territories had joined the World Bank and the Inter-American Development Bank, but they weren't getting much financing from them, in part because they were such small economies and in part because their economic policies did not justify IFI lending. It seemed to me that big, quick- impact projects would have to involve financing from the International Financial Institutions [IFIs]. If these countries could get IFI financing at the level, say, of Bolivia or Ecuador, the increased investment would make quite a difference. The question then was how to increase IFI and bilateral aid flows for these middle-income countries and, even more difficult, how to get the economic policy improvements that would justify such increased aid. Their trade policies tended to be protectionist, but generally the biggest problems were budget deficits driven by poor tax collection and subsidies, not only for social services, but for many economic activities that should be self-supporting. Corruption was a factor in the budget deficits.

Q: This is Monday, March 23, 1998. We have been discussing the situation in the Caribbean area, which you, John, were looking into at that point. We are speaking of the situation in the fall of 1977.

BUSHNELL: We felt we needed something that would both increase the flow of aid quickly and also generate the needed economic policy improvements. From my experience the best approach to both these matters in some large countries, where individual countries had bilateral aid programs and International Financial Institutions also had programs, was to set up consultative groups. There was a consultative group for Pakistan, for example, in which the donor countries and IFIs would get together with the recipient country to establish priorities for project funding and decide which donors would do which projects.

The consultative group also provided a multilateral form where the recipient could explain policy improvements and donors could suggest areas for more action.

It didn't make sense to have a consultative group for a small country such as St. Lucia, for example, because the small number of projects, donors, and even economic policy officials would not justify an international meeting instead of a morning session in a small office in St. Lucia. Then I had a brainstorm. There was no reason why we couldn't have a consultative group for the whole Caribbean area. There would be one group and, when it met, one afternoon could be devoted to separate meetings on individual countries. There were many issues that affected all of these territories, so such regional coordination with donors obviously made sense. For example, trying to promote greater specialization in different fields by the various countries was an announced objective of the region. Every one of these countries could have not afford an engineering school. One place could have a good engineering university, and another could have a medical school. I'm not talking about Jamaica or the Dominican Republic, of course, which would be in a different position, although there were many opportunities for them to gain economies of scale by cooperating with the smaller countries. The idea was to get a more efficient approach through coordination and to bring together all of the aid donor countries and IFIs under the leadership of the World Bank. Of course US bilateral aid would have to be increased substantially as part of this effort. Thus the heart of the recommendations in the paper was that the U.S. should take the initiative to get the World Bank to organize a consultative group for the Caribbean. It also recommended a substantial increase in our own aid programs and extending assistance to all the countries.

I argued that a consultative group would result in large and quick increases in financial flows from the World Bank, the IDB, and the IMF [International Monetary Fund], assuming there were policy improvements. I also argued we should try to get the European countries to increase, or at least not reduce, their aid. We should try to bring in new aid donors, such as Japan and Venezuela. Moreover, initiative in the creation and working of a Caribbean

consultative group would be the best way to show concern for the area while maintaining a fully multilateral approach.

We prepared a big paper, with a lot of annexes and tables, covering all the trade, aid, and other issues which the working group had considered. The recommendations section, which I wrote, was fairly short. I didn't deal with how we would implement this proposal. After Phil Habib had read it, he called me up and bawled me out a little because I did not say how we would proceed to get the consultative group established, or if this was just pie in the sky. I said I didn't think that was something subject to interagency review with all of these papers circulating all over. We should proceed in the Treasury or Kissinger model to bring this about behind the scenes. We should not be seen as forcing it down anyone's throat. On the last point Phil agreed 100 percent.

I had had considerable experience with the World Bank and its bureaucracy. I knew that to have programs for all of these small countries, there would be a tremendous, bureaucratic review process required. The only way this could be done successfully would be to convince Robert McNamara [President of the World Bank] that it was necessary and desirable. If McNamara firmly said that it should be done, it would be done. He knew how to assemble staff, hold their noses to it, and get it done, despite predictable major resistance within the Bank. Thus we had one person we had to convince. We also had one Secretary of State who had very good relations with McNamara and who could get McNamara to do this.

Q: Was it Cyrus Vance?

BUSHNELL: Secretary Vance was the man. Phil got Vance all charged up for this effort. I made the arrangements. Vance was invited to spend a weekend with McNamara at some place in the hunt country of Virginia. The Secretary did his job with McNamara, who agreed and started promoting this program. Of course, we were working behind the scenes to support it. I gave McNamara the names of some good people in the World Bank

and the IDB to work on this program. I worked with them, and they were off and running. That was the beginning of the Caribbean Development Group.

Q: This was the beginning of the Caribbean Development Group? It is still in existence, isn't it?

BUSHNELL: It has continued as far as I know. I only observed its development for its first three or four years. Its results were mixed, but it did substantial good. Certainly, aid levels were increased substantially, and there were some policy improvements although less than needed for truly sustained rapid growth. The political objective of showing much greater interest in the area was accomplished without forcing anything down anyone's throat. As far as I know, it has continued in some form up to the present. Cuba's playground was limited to the unique situation of Grenada.

Q: Was the Caribbean Basin Initiative related to this?

BUSHNELL: The Caribbean Basin Initiative was later, in effect, a second round of the same effort focused on trade. The Caribbean Development Group was established in 1977, and the first meeting took place in 1978. The Caribbean Basin Initiative was an effort in Reagan's first term to extend enhanced trade benefits to an even broader definition of the Caribbean, including Central America. In 1977 there had been a decision that the Department of Commerce should be as liberal as possible in implementing our textile quotas and GSP exclusions for the countries in the Caribbean Group. However, we did not find much role for trade measures in connection with the Caribbean Development Group; the effort focused on economic policies and assistance levels with the objective of increasing the efficient output that might eventually lead to increased exports. Early in the Reagan administration in 1981 there was another review of our Caribbean policies. This time there was no high-level mission to the area, although in the summer of 1981 I did a two-week trip visiting many of the countries. Although progress had been made, most of the economies were still stagnant and far Left parties seemed to be growing in strength.

We needed to do more. I discussed these problems with Tom Enders who became Assistant Secretary of State for the American Republics in the Reagan Administration under Secretary Haig. He asked: “How can we do more?” I said: “Frankly, I don't think we can get more assistance money from OMB and the President. It is up to the countries in the area to do more. We could, perhaps, do something on the trade side, particularly to encourage private foreign investment.” Although the situation in a majority of the Caribbean countries was improving, foreign investors seemed to be waiting to see if the trend would continue before making large investments. Tom decided to launch a study that, eventually, came up with this Caribbean Basin Initiative designed as a multilateral effort by the U.S. and other countries to open their markets to these Caribbean and Central American countries.

Q: As you say, we already had GSP [Generalized System of Preferences], so this was presumably a slight extension of that. Did you have in mind establishing a GSP for the Caribbean region?

BUSHNELL: You might put it that way. We were coming near the potential ten-year expiration of the GSP system. Thus one key point of this initiative was to assure the Caribbean countries an additional 15 years of GSP preferences. That was worthwhile and did encourage some foreign investment, at least until the Mexican free trade area came along.. A few more products excluded in the worldwide GSP system were added to the list of products eligible in the Caribbean area. My view was the GSP expansion in time and products did not have great importance substantively, but psychologically it had importance because the initiative caused some investors in the U.S., Japan, and elsewhere to look at investing in the Caribbean to take advantage of special trade provisions, which, in fact, had been available there all the time. Until somebody takes advantage of them, they don't do any good.

Q: Back to phase one, did Sally Shelton help you out on the Caribbean Development Group?

BUSHNELL: Sally Shelton was on the Habib mission, and I kept her informed as the working group I chaired made progress. She was the DAS [Deputy Assistant Secretary] with responsibility for the Caribbean. I don't recall what role she played in writing the Habib report; that happened before I was involved. She probably worked with others in ARA [Bureau of American Republic Affairs in the State Department] in drafting the Habib report. The first report, the Habib report, identified the problem. The second report I did dealt with how we could work to solve it. Sally Shelton was not on my working group, but I recall that she was delighted with the approach I suggested. .

Q: Did you work on this second report over a period of two or three months?

BUSHNELL: Yes.

Q: You were assigned to ARA to work on this project?

BUSHNELL: I don't recall being formally assigned to ARA for this project in the sense that there was a personnel action.

Q: You were no longer at the Senior Seminar.

BUSHNELL: I was no longer at the Senior Seminar. I don't know whether I continued to be assigned to the Central Complement of the State Department or I was temporarily assigned to ARA. I continued to look for a permanent assignment. At the time I finished this Caribbean report, I did not see this work as being the job I was looking for. I wanted to go overseas, and, in my view, I was not taking a step toward another assignment in the State Department in Washington.

Q: Were there interesting job prospects available at the time?

BUSHNELL: Not many good jobs open up in the winter. It was a long time until the next assignment cycle. I thought I might have language training for six months preparing for a new post.

Q: And right during this time Bill Stedman decided to leave his job in ARA? He had been there for less than a year. Do you have any idea why he was there for such a short period of time?

BUSHNELL: I asked him, but he didn't really tell me.

Q: I have a transcript of an interview with him in this Foreign Affairs Oral History Program. His answer to that question is in that interview. I wondered whether you had any insight into it. Was his answer along the line that he found it incredibly frustrating to have to cope with some of the young, political appointees on the seventh floor of the Department. When he would go up there, representing the distilled wisdom of the Foreign Service bureaucracy on particular issues, he would be confronted by some of these ill-informed, but very aggressive, political appointees. He found the resulting situation so frustrating that he just couldn't stand it. That's more or less what he said in the transcript of the interview. Do you have any further insights into his outlook at the time?

BUSHNELL: He told me something along the lines of his wanting to devote more time to his family. He said his job then was taking up a lot of time. He found it difficult because the ARA Bureau was not running well. He was shaken to find that there were too many political appointees in the bureau whose mistakes he had to clean up. The same situation applied in other bureaus, like the Human Rights Bureau. I think he said he was uncomfortable with policy making by confrontation. I don't think I knew what that even meant at the time.

Q: You came into this situation right away. Did you have any idea of what was happening there and how you got into it? You replaced Stedman, didn't you? Did you replace him immediately?

BUSHNELL: Yes. It was decided I would replace him in late November, 1977. There was virtually no gap between my finishing this study of the Caribbean countries and the decision that I would replace Stedman. I actually replaced Stedman after Christmas of 1977.

Q: You had been working on this study of the Caribbean countries for a couple of months, toward the end of 1977. Did you have some sense of what would be involved in this new job in ARA?

BUSHNELL: I had been given office space in ARA where I was working on this Caribbean study. I talked with a lot of people, and I knew the first year of the new administration was not going smoothly in ARA to say the least. I knew something about the cast of characters. The situation was difficult, and a lot of things were in flux. During the first year of the Carter administration, essentially 1977, our Latin American policy was virtually torn apart. Deputy Secretary of State Warren Christopher had gone to Brazil early in the year and had a tremendous policy confrontation there. For many years Brazil had been virtually our best buddy in Latin America, and Secretary Kissinger had prized the good relationship with the Brazilians. That relationship was destroyed over the nuclear proliferation issue. Human rights issues were also separating us from Latin America.

There were a lot of agendas being pushed by political appointees in the Department and at the White House. But there was no integration of these agendas into a comprehensive plan or approach. Some of the agendas were mutually exclusive, at least in practice. There was a big emphasis on public rhetoric. Although the intention was generally to please one or another group in the United State, this rhetoric was received poorly in Latin America as Uncle Sam trying to run their countries for them. There were few resources

available for new programs. During the last years of the Ford administration, Latin America had a low priority in aid levels so there were few resources to do anything positive but a much higher profile for Latin America with much emphasis on its human rights and other problems. There were some positive aspects of Latin American policy. We reached agreement on the Panama Canal Treaties in 1977, a major breakthrough and a positive point throughout the area.

Q: This was somewhat after that.

BUSHNELL: No, the agreement on the Panama Canal Treaties was reached during the first half of 1977 well before I joined the ARA Bureau. The effort on the Panama Canal Treaties placed Latin America at center stage in the White House; probably it also gave Latin America much more attention in the press and with the politically active public. The Panama Canal Treaties certainly caused a polarization of public opinion between those strongly opposed to the treaties and those favoring them. This polarization carried over to much or all of Latin American policy and brought many frustrations to the surface.

The White House invited all Latin American heads of state to the treaty signing ceremony. They came to the headquarters of the OAS [Organization of American States] for this ceremony. Of course, there were also bilateral meetings between President Carter and each head of state. It was like having 25 heads-of-state visits simultaneously. There was much dissatisfaction with ARA's staff work in preparing for the many bilaterals. Such a concentration of meetings would have been a tremendous burden for any bureau, particularly one like the Bureau of American Republic Affairs where there were new leaders who had not yet had a chance to establish a policy framework. Moreover, there was an unusual number of political appointees from other bureaus and even from other agencies trying to make policy through the briefing papers. Even 8 months into the Administration there was no agreement on a basic policy framework, and every high level contact was seen as another opportunity to make policy within the government.

Q: Terence Todman, the new Assistant Secretary for American Republic Affairs, had never previously held a senior job in the Department. His only experience in Latin America had been as Ambassador to Costa Rica, immediately before this. His prior experience had been in Africa, for the most part. Do you have any idea of how he came to get this job? How was he coping?

BUSHNELL: I have no idea of why he was appointed, although it certainly was not unusual to appoint an experienced ambassador from the area to this job. There certainly was an effort to put minority FSO's in key jobs. He was a minority [African American], actually from the Caribbeathe Virgin Islands, assigned to a job dealing with Latin America. Perhaps that background was a consideration. I don't think he actively sought the job. At least, by the time I was assigned to the ARA Bureau, he was actively engaged in trying to leave this job.

Q: You mean he actively wanted to get out of this job by the time you got there?

BUSHNELL: At least soon after I got there.

Q: So he was Assistant Secretary for a very short period of time.

BUSHNELL: Yes. He didn't take the job immediately after the change in administrations. He must have been confirmed in May or June, 1977. He'd only been in the job for a year when he moved on to be ambassador in Spain - a job he did want. His view was that good relations with most countries were important. The overall relationship should be the first consideration. Then there are these things that we wanted to deal with, including human rights, nuclear proliferation, military sales, exports, drugs and all of the specifics of the relationship. Those objectives should be fitted into the web of our relations with the country concerned. If you don't have friendly relations with a country, you're not going to be able to do anything constructive. You have to start with good relations with a country and then see what you can do about the problem areas, rather than taking one or more of these problem

areas and making a public confrontation. If we would say: “You do this, or else,” we would wind up without accomplishing much and with poor relationships. What Todman found was that people all over the State Department and in other departments would demand action in public statements or in some international foruwhatever it was in terms of human rights, nuclear proliferation, early elections, or whatever. Relations with the United States would deteriorate almost to the vanishing point. He had no control over this process. He wasn't even consulted much of the time. He thought this was no way to run a nation's diplomacy. By the time he'd been confirmed as Assistant Secretary, relationships between the United States and certain countries in Latin America had already deteriorated seriously.

Q: Apparently, there were two or three things he was concerned with, and he paid a lot of attention to them. One of them was the trip by Russell Carter [President Carter's brother] to Brazil and Peru. Do you know anything about that trip?

BUSHNELL: I don't remember anything about it.

Q: I gather Todman was much involved in preparations for Russell Carter's Latin American trip.

BUSHNELL: Todman liked to travel and made it his objective to visit all of the countries during his first year as Assistant Secretary for ARA. He planned several trips which he wasn't able to take, but he traveled a lot. One of the 7th floor complaints with ARA was that the Assistant Secretary and many of the DASs were seldom in their offices when the Secretary, Deputy Secretary, or Under Secretary (or their key staffers) called. It would have been logical for him to go with Russell Carter to Brazil and Peru, but I do not recall such a trip. It might have been before I took up duties as principal DAS. Travel was part of Todman's effort to get on top of things in Latin America. He sought to put the problem considerations in perspective by taking with the key leaders and getting back to a country focus, rather than a human rights or a nuclear proliferation focus. He spent a lot of time on

trips. I remember being quite nervous during my first couple of months when I was often acting assistant secretary and attended the Secretary's morning meeting.

Q: But his predecessor as Assistant Secretary for American Republic Affairs was Harry Shlaudeman. Was Shlaudeman the last Assistant Secretary who was also coordinator for AID operations? Todman did not have that responsibility. I think that Shlaudeman did.

BUSHNELL: I don't know exactly when the title of Latin American AID Coordinator was separated from that of the Assistant Secretary. That combination of State and AID was phasing down pretty fast after about 1972. I know that Pete Vaky, who followed Todman, never had that title. When I arrived in ARA toward the end of 1977 there was a political appointee, Abelardo Valdez, heading the Latin American AID office, and I do not believe he reported to Todman in any way, and all State and AID offices had been separated although some continued to share or have adjacent office suites.

Q: Todman was involved in negotiations on Cuba. Do you know anything about that?

BUSHNELL: Yes. I had the Cuban portfolio through much of my time in ARA The big move to warm relations with Cuba occurred early in the Carter Administration. By the time I got to ARA, interest sections were being set up in each others' capitals and there was considerable excitement that we would be able to resolve long pending problems related to such issues as migration, prisoner exchanges, and air hijacking. I think Terry Todman made at least one trip to Cuba, if not two. I was quite comfortable with the Carter Administration revision of our Cuba policy, and I think Todman was too. However, those on the American right who opposed the Panama Canal Treaties were strongly against our moderate warming with Cuba as another part of the Carter sell-out of American interests.. I don't think I ever saw the policy papers leading up to the warming of relations with Cuba, assuming there were some.

Of course the warming with Cuba did not last as the Cuban military role in Africa expanded. But during my first year in ARA opening the Interests Section in Havana was

a big budget problem. We hadn't budgeted in ARA [Bureau of American Republic Affairs] for an Interests Section in the Swiss Embassy in Havana. In fact, the Interests Section ultimately was established in the old Embassy on the Malecon in Havana. The big old building had to be cleaned and everything aired and repaired. The Interests Section was very expensive, even though we had a small staff, as supplies were flow in from Florida and security was expensive. However, we had no choice. We had to spend money on this. I had either to squeeze funds from elsewhere in ARA or else fight with the central authorities of the Department of State to try to get money.

Q: The Executive Director of ARA was Bob Gershenson. He had served in Central America many years before.

BUSHNELL: Yes. Bob Gershenson was the ARA Executive Director. He had been the Administrative Officer in San Jose during the first part of my tour, and my wife and I still see the Gershensons from time to time. However, he became DAS in Personnel about the same time I became DAS in ARA. Bill Calderhead was the Executive Director for much of my time in ARA.

Q: Did you work with Gershenson and Calderhead on the budget for the “Interests Section” in Havana?

BUSHNELL: Yes. Bob had done an outstanding job in getting the Section established. It involved breaking other assignments to get people to Havana and all of the other efforts in connection with doing things out of the ordinary. That job was already done when I got there. The problem, when I arrived in December 1977, was that we were spending money as if it had no end. The Department budget officers had come up with substantial funding, and our staffing costs were of course covered. Communications costs were not an ARA responsibility. But the Foreign Building Office did not have the funds to restore our Havana building at top speed. I was able to squeeze some funds from the ARA budget and beg

some more from the budget people, but we had to leave many sections of the Havana building in disrepair for lack of funds.

I have always assumed the initiative for an opening to Havana had come out of the White House. However, I don't actually know that for a fact. I would be surprised if this were a Todman initiative. I think this was something the White House wanted to do, and Todman was the Assistant Secretary in charge of making the arrangements.

Q: I had the impression that President Carter wanted to open an “Interests Section” in Havana. Are there other issues which you can identify Todman with?

BUSHNELL: During my first six months as principal DAS in ARA the big, divisive issue was human rights and how we were going to implement the Carter administration's greater emphasis on human rights. At the time, a majority of the Latin American countries had human rights problems, but many were in the process of moving from military rule to elections and democracy.

Q: I think that we have previously spent quite a bit of time on the human rights issue. However, how did Terence Todman stand on the human rights question? In the transcript his interview, he says he took a great deal of personal interest in that matter. However, other people have said that ARA [Bureau of American Republic Affairs] lacked a commitment to the human rights issue during the time that Todman was there. There seemed to be some indication that the human rights issue was one of the matters which left Todman uncomfortable and others were also uncomfortable with him. I'd like to go into the whole Pat Derian matter later.

BUSHNELL: The first thing I learned was that there was something called the Christopher Committee which was where human rights issues were coordinated with economic assistance. The Deputy Secretary chaired this interagency meeting which included representative from AID, Treasury, the Export Import Bank, and other economic agencies as well as representatives of the regional bureaus, EB, PM, Human Rights, and Policy

Planning; the NSC was represented.. This committee is where the vote on the Chile loan I talked about earlier would have been discussed if it had existed then. Although several other State regional assistant secretaries attended Christopher Committee meetings, Todman had chosen before I got there never to attend. I think Todman was concerned with getting human rights improvements but he believed voting against economic assistance was not a constructive or effective way to do it. Thus he opposed the entire concept of the Committee.

Sometimes Stedman had attended the Christopher Committee meetings; at other times one of the other deputies. There had not been a clear procedure for establishing an ARA position, and I was told that different ARA representatives took opposing positions at different meetings of the Committee. When I took over as DAS, Todman said it wasn't a good idea to have different people go to the Committee at different times. He suggested I be the regular defender of ARA positions. From then on I went to all these meetings.

Q: How often were they held? Every two weeks or so?

BUSHNELL: They averaged about once a month. Sometimes, it seemed more often than that, but there were some fairly long gaps between meetings when Christopher was busy or traveling. Of course, I had to educate myself on human rights matters. This was a new area for me. I was well prepared on the economic side regarding the World Bank, the IDB [Inter-American Development Bank], and all of these large, financial institutions, which were somewhat mystifying to most people in ARA [Bureau of American Republics Affairs]. It was easy to get briefed on human rights violations. The Human Rights Bureau specialized in gory descriptions of individual rights violations over the past several years. Most ARA desk officers could give up-to-date information on efforts by the governments to end rights abuses where the situation was improving. However, the difficulty was in identifying what out policy objectives were. Everyone agreed individual rights violations should be stopped. In ARA we believed our sanctions policy should be moderated as the human rights situation improved to encourage continued improvement and to reserve

some of our sanction ammunition in case of retrogression. The Human Rights Bureau generally argued for continuing and even expanding sanctions until the government under which violations had occurred was replaced and those responsible were punished. Sometimes Christopher supported the ARA position and sometimes HA's. This was a major new policy area, and the strategy was evolving. I spent a lot of time trying to develop a framework for policy at least as it applied to Latin America.

During the first year of the Carter administration [1977] nearly everyone in ARA spent a lot of time on human rights policy. Many position papers were written. A typical paper might be directed to a decision to make a strong public statement about the poor human rights in country x. ARA would summarize the human rights problems and indicate areas of recent improvement; ARA would also summarize other interests served by working with this government and recommend a mild statement praising recent improvements as well as urging potential next steps. HA would elaborate gory specifics on past human rights violations, indicate that no one had yet been punished, and recommend a strong condemnatory statement designed to get attention from the domestic and foreign press while likely making the government mad. Comments would likely be added by Policy Planning and sometimes even by the Latin American NSC deputy, generally favoring the HA position. The paper, after endless rewriting, would finally go to the Deputy Secretary for decision. There wasn't any middle ground between these two positions. It wasn't as if one could say: “Well, let's compromise the two positions.” Worse, the battles between ARA desk officers and the often senior officers of HA in writing these papers were confrontational and unpleasant.

Q: And Bill Stedman must have experienced some frustration over that issue.

BUSHNELL: I am sure he did. A number of my colleagues in ARA were convinced that the Human Rights Bureau was targeting Latin American countries for human rights sanctions although human rights were not nearly as bad in Latin America as in many other parts of the world. In most of Latin America there was a relatively free press which raised human

rights concerns and provided the specifics HA liked to put in papers. The human rights situation was much worse and stagnant in most of the Middle East, for example. But our other interests, such as oil, resulted in HA being largely frozen out of policy there. I think it was a fair assessment that the countries which the Bureau of Human Rights gave the most emphasis to were in Latin America. Also I soon learned HA was not even consistent in Latin America. HA gave a pass to Mexico, Cuba, and Panama even though human rights were no better in these countries than in others where HA pressed to apply maximum sanctions. Of course we had many important other interests in Mexico and Panama.

I saw fairly quickly that HA concentrated its attention on countries where there were not strong other interests. There was also a leftish bias in HA priorities with military governments being targets but not equally harsh leftish dictators such as Castro. Each year I reviewed the annual human rights reports to the Congress on Latin American countries. These long reports were prepared through the typical confrontational process by the ARA desks working with HA. I moderated extreme critical language in several reports such as El Salvador and Argentina, but the only report I recall sending back to have additional major problems added was Cuba. I realized the Carter Administration was committed to enhancing the role of human rights in our foreign policy. It was inevitable that human rights would dominate our relations with countries such as Nicaragua and Chile where we had no other pressing issue and not with Saudi Arabia or Mexico. The Human Rights Bureau was a new addition to State required by legislation, and its passionate political-appointee leadership, Pat Derian and her deputy Mark Schneider, was eager to make a big imprint on policy. Schneider, at least, thought Latin American policy had been dominated for too long by business and military interests.

When I arrived in ARA, my impression was that there was little imaginative thinking about what one could do to improve human rights in the context of the established relationships. The Human Rights Bureau was focused on economic sanctions and public rhetoric. ARA was largely reactive, either agreeing with HA initiatives or, more commonly, trying to soften them. I argued that improving human rights where they were a problem was an important

objective of the United States, and that we should develop a strategy or an approach to accomplish this objective just as we had strategies to expand exports, reduce the drug trade, or curtain illegal migration, among many objectives. I spent a lot of time working on strategy for countries which did not have democratic governments. I was trying to develop ideas, such as instructing our Embassies to talk with the Catholic Bishop or the Cardinal about approaches to improve human rights or setting up a program to resurrect an independent newspaper. I asked the desk officers what we could do to get something moving in the right direction. I asked, for example, why we didn't make a demarche on behalf of some political prisoners to see whether this government would take some steps forward. I pointed out to my staff and to HA that Rome wasn't built in a day. In other words, “Yes, we're building Rome, but this week we're going to build just this little piece of it.”

That was my approach to the problem. I tried to edit memoranda to suggest positive next steps instead of next sanctions or public statements and indicate how we could work toward improved human rights. In other words we tried to employ the full range of diplomatic tools to the human rights problems. However, there were still a lot of memoranda proposing sanctions, such as cutting off military assistance, voting against loans, and condemning a country in the OAS [Organization of American States]. There was a great deal of tension and frustration on human rights issues. Some outside the Department of State thought there was a lot of poor professional work being done in the Department of State. Some Congressmen were publicly critical. Several military governments had particularly good contacts in the Congress, and they used them to attack the State Department for ending the Good Neighbor policy. I testified each year on the Latin American part of the State budget, and this hearing was an opportunity for Members who did not approve of our emerging human rights policy to attack it. The Human Rights Bureau had a tendency to exaggerate the human rights situation. Probably the HA Bureau thought ARA exaggerated the progress being made.

More than anyone else, Assistant Secretary Todman was in touch with the ambassadors of Latin American countries in Washington. For example, an Ambassador would come in

to see Todman and would say how upset his government was because the Department of State had made a statement attacking some police action in his country. Todman would receive those communications from governments complaining about something which Ambassador Todman himself didn't think should have happened. However, it had happened, and Todman would receive the demarche. We were getting communications like that with great regularity, maybe four or five a week. It was sometimes hard for us to get these ambassadors and, more importantly their government, to focus on something of interest to us. Of course HA was receiving approaches from non-governmental groups and individuals raising human rights issues. This situation created confusion among the Latin American countries. They wondered whether this was the end of the Good Neighbor Policy. One ambassador asked me it the U.S. was now following a Bad Neighbor Policy.

Q: I was wondering whether we should go on regarding human rights. Perhaps we could go a little more into your beginning period in ARA. Was Sally Shelton already on board in ARA?

BUSHNELL: Yes; she was the deputy assistant secretary responsible for Central American and Caribbean affairs in ARA.

Q: Of course, she wasn't there terribly long before she went out as Ambassador to Barbados. What do you recall about her background and the role she played?

BUSHNELL: Sally Shelton was a bright woman.

Q: And young.

BUSHNELL: Young. I guess she was 33 or 34 at this time.

Q: She had worked with Senator Bentsen [Democrat, Texas] on the Hill.

BUSHNELL: That's right. She was from Texas, and she had been the foreign affairs assistant for Senator Bentsen for several years..

Q: She thought that she was going to become Ambassador to some country when she came into the Department of State. However, that didn't work out. So they put her into the ARA job.

BUSHNELL: I don't know about that history. Sally had the office next to mine, and I worked closely with her. In some ways I became her mentor. Many evenings as things calmed down about 7:30 and papers for the 7th floor were finished, she would review problems she was working on with me and seek friendly advice. She wanted to learn to be a professional diplomat. She was good about accepting guidance given quietly and constructively. She herself was somewhat torn on human rights matters. She saw herself as being part of the political invasion of State by advocates of giving greater emphasis to human rights. She was a political appointee who supported the promotion of human rights, as we all did. I think by the time I arrived in ARA, she had already been through the learning process and realized that her FSO desk officers usually had a more constructive approach on human rights than the activists from HA. She soon became a big supporter of my one-step-at-a-time approach. I never had any problems in working with her. When Pete Vaky replaced Terry Todman as ARA Assistant Secretary, he decided to move Sally Shelton out of the ARA front office. Eventually she went to Barbados as Ambassador. She handled some difficult assignments well both in Washington and in Barbados. Some people blamed her for lack of experience, but many experienced officers had fewer imaginative ideas than Sally.

Fairly early in my time in ARA I thought, perhaps erroneously, that one of the bad human rights countries where we could make some progress was El Salvador. El Salvador was a difficult case; its military government did not seem to abuse individual human rights, but in the rural areas local landlords and local police forces were very abusive and the central

government did nothing to control them. Throughout the society there was a lot of violence and little effective police action.

Q: We'll be speaking a lot about El Salvador shortly.

BUSHNELL: Yes, a couple of years later El Salvador was the center of attention as the Castro-backed guerrillas tried to take over. But in early 1978 we did not even know of any guerrillas. I didn't feel I had a good grasp of the El Salvador situation. What I heard didn't make much sense to me. I suggested, and this turned out to be a stupid idea, that we should have a mission go to El Salvador and talk to all the various leaders, both in the Salvadorean government and in the private sector including the Catholic Church. My idea was the mission would seek suggestions from all sides on how the individual human rights situation could be improved. My idea was not to document abuses or make public statements but to use quiet diplomacy to try to find a least a few steps forward.

The mission was led by Sally Shelton and Mark Schneider, who was the principal DAS [Deputy Assistant Secretary] for Human Rights. It included Wade Matthews, who was the Country Director for Central America. Among the career people in ARA, Wade was one of the most conservative oriented; he felt we were disrupting normal relations with countries over human rights without having any effect. He frequently fought long and hard with HA and did not like to compromise any more than HA did. Draft memos to the 7th floor on Central America tended to be two extreme views.

Q: The word conservative is almost always coupled with him.

BUSHNELL: That mission turned out to be counterproductive. It stirred up everybody in El Salvador. Schneider made several extremely critical remarks about the government to the press. Our ambassador did not appreciate the purpose of the mission and did not arrange for private off-the-record sessions with moderates. The mission didn't come back with any new ideas. Part of the fault was mine; I should have had a cable sent to the ambassador clearly indicating what the mission was about. However, I knew it would be hard to clear

such a cable with HA, and despite HA accusations of ARA doing many things behind HA's back, I did not proceed that way, at least not during 1978. I expected Sally and Wade would work with the ambassador to control the situation. I should have known better. Mark had been a Peace Crop volunteer in El Salvador, and his background was as a reporter and activist. He probably knew more people in El Salvador than the ambassador. He hit the ground running and never stopped or waited for the rest of the mission. One Salvadorian called it a one-man declaration of war. Sally got a bum rap from Todman for not controlling Mark.

At one point, when Todman was still Assistant Secretary, President Somoza [of Nicaragua] was going to be in New York. Someone suggested we send somebody to explore his position and to persuade him to move to early free elections. That seemed like a good idea to me. The next thing I knew Sally Shelton was going to New York to talk to Somoza. From what I knew of Somoza, a West Point Graduate and vulgar, Sally Shelton, who tended to come across as an overly serious young woman, was not going to be credible in expressing a tough position. I went to Terry Todman and said I didn't think Sally was the person to handle this job. I don't know how she was selected. Maybe Terry Todman had chosen her, or perhaps somebody else had recommended her. In any case, Todman jumped all over me and said my job was to stay home and mind the store in ARA. I wasn't asking to do the job myself. I thought it would be much more effective if Terry Todman or Phil Habib had met with Somoza. In other words, somebody that Somoza might have listened to carefully. Somoza had undoubtedly heard from his Congressional friends about the young tigers that had invaded the State Department to make trouble for him and others, and he would see Sally as one of this group.

Q: It doesn't sound like a fun job.

BUSHNELL: It's not. I did this sort of thing a few times. This mission was a total flop, or even worse. Somoza listened to Sally Shelton, but he didn't pay any attention to what she said; he took the fact that we sent this rather junior person to see him as evidence

that we weren't serious in pressing for early elections. Somoza was talking with senior Congressmen. They were his buddies, and they probably told him Shelton is not the US Government.

Q: Murphy and Wilson were two of his classmates at West Point who met with him in New York on this occasion. The big question is whether any 33 year old woman without prior experience in the State Department or the Foreign Service as a Deputy Assistant Secretary of State could have done this job. In fact, we have lots of people who are tremendously competent and experienced.

BUSHNELL: I don't think most senior FSOs would have made much impact on Somoza. Only a strong policy level official could have gotten our message across, perhaps Todman, if his heart had been in it, but more likely a 7th floor principal.

Q: Once she had that job, it would be appropriate for whoever had it to play that particular role.

BUSHNELL: I don't think so. If you want to make an approach to a foreign head of state who...

Q: The question is whom do you send out on a job to talk to a foreign head of stat?. In the Foreign Service a Foreign Service Officer would have to be at least in his 50's or 60's to be given this job. Now, a political appointee, such as a former Governor of a state or a former Senator might be asked to do this job.

BUSHNELL: If somebody is sent to express the position of the United States Government, you have to make sure that the person to whom he or she delivers this message will think the person is, in fact, delivering the position of the entire United States Government. When there was known to be so much chaos in the State Department, no Deputy Assistant Secretary, including me, could have delivered a persuasive message to Somoza. We

needed somebody who was more senior, who could deliver a message from the President of the United States. Later on, we moved to doing that in various ways.

Q: In New York the message should have been delivered by Andrew Young, Ambassador to the United Nations. He could have represented himself as speaking for President Carter.

BUSHNELL: Perhaps Andrew Young could have done this, but I suspect Somoza would have seen him as just another one of those State Department invaders. At any rate it was not the practice of the State Department to involve our UN ambassador in bilateral matters; he had enough to do with multilateral matters.

Q: Sally Shelton served in the UN for about three months, just before she left ARA [Bureau of American Republic Affairs] as the representative for Latin American affairs.

BUSHNELL: Yes, in the fall of 1978. It was the practice of ARA and some other regional bureaus to lend USUN an officer during the fall General Assembly to help on contacts with delegations from countries in their area. I recall it was hard to find an officer we could spare for a couple of months. I may have arranged for Sally to do this while she was between assignments, but I don't recall doing it.

Q: Do you have anything else to say about Sally Shelton?

BUSHNELL: There is a humorous story which involves one of the few times I was written up in the gossip column of The Washington Post. I visited her once when she was Ambassador to Barbados. I was pleased to have Sally in Barbados as Ambassador. Our Ambassador to Barbados was important to promoting the Caribbean Development Group. Barbados is the richest and most advanced country in the area, and it is also the location of our regional AID Mission. Sally was also the non-resident Ambassador to St. Lucia, St. Vincent, Grenada, Dominica and our special representative to those territories not yet independent such as Antigua and St. Kitts. Through our Ambassador to these

countries we could maintain field contact with the World Bank and other lenders. In fact, Ambassador Shelton did this from the beginning of her tour.

I had to visit Barbados to participate in a meeting of the Caribbean Development Group. Someone on the staff sent a cable to the Embassy to inform it of my visit and probably to have the Embassy make a hotel reservation.. The Embassy called the desk officer to extend an invitation from Sally for me to stay at the residence. I agreed. I then received a message from Sally, telling me to bring my tuxedo. I asked why. The reply came back that one of the nights I was going to be in Barbados was the occasion of the annual Marine Ball. She wanted to know if I would be her escort. Sally was divorced. The Marines already had acceptances from the Prime Minister and several other cabinet members.

I had a complicated week because I had to go to a meeting, I forget what it was about, in Mexico. Then I had to go from Mexico to Barbados. One can't fly directly from Mexico to Barbados. I wound up having to go from Mexico to New York, spending the night in New York and then flying to Barbados the next day. After meeting with the AID people on my delegation and some of the Embassy staff, I finally arrived at Ambassador Shelton's residence. I had just a few minutes to hang up my clothes before dinner. When I unpacked, I found that my wife, who had duly packed for me, had included all of my formal outfit except the trousers. At dinner I consulted Sally. When I told her my wife had omitted the pants, she said: “Did Ann leave out the trousers on purpose?” I said: “I don't think so. If she were going to leave something out, it wouldn't be the trousers.” I asked whether it was really important for me to go to the Marine Ball. She said: “Oh, yes, it's very important.” So I asked if I could borrow somebody else's trousers. She called a couple of Embassy officers who might have an extra pair. The next evening I learned a pair only about three sizes too big had been located.

The next morning I went to the Caribbean Development Group meeting, arriving before most delegates. On the table beside the US delegation sign was a big envelope. I reached to pick it up, thinking it contained papers for the meeting. It was soft. I dropped it. I wasn't

expecting this package to be soft. Guess, I thought it was a bomb or something. I very carefully opened the envelope a bit, keeping it at a health distance. It contained my tuxedo trousers! Ann had noticed the trousers hanging in the closet after I had departed. Being a great Foreign Service wife, she solved the problem. She called my office. My great secretary, Maria (Connie) Hargrove said she thought the Canadian Executive Director from the World Bank was going to the meeting in Barbados. It was then arranged for my wife to deliver the trousers to the World Bank for the Canadian, who brought them to Barbados and put the envelop by my place at the conference table.

I had a nice evening at the Marine Ball, spending most of the time in conversation about the region with Tom Adams, the Prime Minister of Barbados. He was a good leader, a member of the more conservative party, and cooperative with us. We subsequently cooperated on several things. There were two or three of his senior cabinet also at our table, so it turned out to be a productive occasion to get a lot of business done, especially as neither the Prime Minister nor I were very good dancers and we preferred conversation to the dance floor.

Q: What did “The Washington Post” have to say about it?

BUSHNELL: A couple of years later my wife and I were at a large cocktail party in Washington. Sally Shelton, no longer Ambassador to Barbados, was back in Washington. It must have been early in the Reagan Administration. The cocktail party was on two floors, with an open stairway going between them. Ann, and I were on the bottom level when we saw Sally Shelton two-thirds of the way up the stairs. There were a lot of people around. I called hello to her. She turned around, and seeing us Sally yelled: “Oh, Ann, I never thanked you enough for John's trousers!” Of course, many people overheard that. We and Sally told the story to several groups, and it undoubtedly spread. One of the people who puts gossip in The Washington Post got the story and spun it to be a pretty young woman Ambassador and a senior male State Department official who visited her without his trousers!

Q: Who was the other Deputy Assistant Secretary?

BUSHNELL: There were three other DAS for Latin America when I arrived in ARA. Sally Shelton handled the Caribbean and Central America. Richard Arellanos, another political appointee, handled economic and political-military matters. Frank McNeill, a career officer, had South America.

Q: All of South America?

BUSHNELL: All of South America. We had two, regional Deputy Assistant Secretaries [McNeill and Shelton]. I handled Cuba and human rights, and Mexico and Panama were handled by the Assistant Secretary himself, although I wound up doing quite a bit of work on Mexico and Panama. At various times during the three and a half years I was in ARA we reorganized the division of responsibilities somewhat. However, that was the basic arrangement.

Q: This is Tuesday, May 5, 1998. John, we've talked about the early part of your time in ARA. We've covered your time under Terry Todman, who was Assistant Secretary. Pete Vaky came to replace Todman a year after Todman came to ARA. What do you recall about the circumstances attending this succession? Did they represent any significant differences on policy or functions?

BUSHNELL: At some point in the spring of 1978 Assistant Secretary Todman was working on a speech to the Council of the Americas or some other group in New York. I reviewed a draft and saw it was critical of the administration's human rights policy in Latin America. I pointed out some of these passages to Todman and suggested that as part of the Carter Administration it was not appropriate for him to criticize the Administration, especially in his area of responsibilities. He mumbled something about only saying the truth. I noticed that the final version of the speech still contained these passages, and I called Phil Habib and told him this problem was above my pay grade. I believe Phil asked for a copy of the draft

speech and asked for such passages to be changed. Some of the wording was changed, but the criticism was still in the final delivered version. I think Todman wanted to leave the Assistant Secretary job by that point.

Q: He sort of indicated that he wanted to get out of his job.

BUSHNELL: He was not happy. He was not against emphasizing human rights, but he thought that giving it so much public prominence had a negative effect on everything we were trying to do, including improving human rights.

Q: We'll be talking about human rights later.

BUSHNELL: It was only a few weeks after this speech incident when I learned that Viron Peter Vaky would be taking over as Assistant Secretary for ARA.

Q: It was a welcome change to you, I guess, having known him in the past.

BUSHNELL: I had known him well in Colombia in 1962-63. He had spent most of a long career in Latin America. He had just been Ambassador to Venezuela and before that in Colombia and Costa Rica. As soon as I learned he would be replacing Todman, I wrote him a letter mentioning organizational issues in ARA and how they might be solved. I also wrote that I was overdue to go to the field and would be delighted to leave as soon as he picked my replacement who I indicated should be a career FSO. He sent me a letter saying his pick to replace me was John Bushnell and urging me to stay on as principal deputy but to also assume full responsibility for economic and political-military affairs. I agreed. Up to that point I had not had direct economic responsibilities although I had overseen Arellanos's work, and I became the Deputy Assistant Secretary for Latin American Economic Affairs as well as the principal deputy.

Q: Who were the other Deputy Assistant Secretaries for ARA at that time?

BUSHNELL: Frank McNeill was scheduled to leave in the summer of 1978, and he eventually became Ambassador to Costa Rica. Ralph Guzman, a Mexican American professor from California replaced him for about a year. Then Sam Eaton, my boss in Bogota and recently DCM in Madrid, replaced Guzman. Vaky brought Brandon Grove in to replace Sally Shelton with responsibility for Central America to which was added Panama. The Caribbean was given to a political appointee from the Hill, Mike Finley, who had been on Dante Fascell's staff for a long time. I don't recall that I had a long period as Acting Assistant Secretary between Todman and Vaky, who I believe was confirmed quickly..

Another recollection about the Vaky assignment stuck in my mind because it was so unusual. There was a cocktail reception on the 7th floor one evening shortly before the Vaky appointment was announced. Some ambassadors from Latin America were there, but I don't remember the occasion. Bob Pastor from the NSC [National Security Council] staff came up to me. He asked if I had heard about the new assistant secretary assignment. I said I had. Practically jumping for joy Pastor said this means we will get Somoza [Nicaraguan President] out. We had been trying to get early but honest elections in Nicaragua, but this was the first I had heard of getting him out. In fact we were even limited in our diplomatic pressure on Somoza because his good friends in the House insisted that we continue giving him AID loans as a condition of their votes for the legislation implementing the Panama Canal Treaty. I must have looked surprised because Pastor went on, “Don't you know Vaky hates Somoza.” We were then interrupted by a guest from outside the government, and there was no subsequent conversation on this point. Over the next year or more Nicaragua dominated activity in ARA, but I did not have the feeling that Vaky hated Somoza, although he worked hard to develop a scenario in which Somoza would give power to the moderate opposition before he lost power to the Cuba-leaning left.

Q: Were there any particular policy developments that you associate with Vaky?

BUSHNELL: Vaky understood from day one that increased efforts to promote human rights was a signature goal of the Carter Administration, and he publicly and privately supported that goal. He also supported my approach of one-step-at-a time and trying to get actual human rights improvements including free elections by working quietly behind the scenes as much as possible. Vaky had hardly taken office when Pastora and his band of Sandinista guerrillas took over the Nicaraguan Congress, holding most Congressmen hostage for a few days until Somoza agreed to their deal. The guerrillas were allowed to go to Cuba; some 50 Sandinista prisoners were released; a ransom was paid, and Sandinista declarations were printed in the newspapers. Within a few weeks the young Sandinista guerrillas began to attack Somoza's national guard forces throughout the rural areas. It was clear to us in Washington for the first time that Somoza faced major guerrilla opposition. Somoza said repeatedly the choice was himself or the communists. We thought the overwhelming majority of Nicaraguans supported neither Somoza nor the communists and we should work to get reforms that would put these moderates in charge. Vaky did not want to change many ARA positions, but he was a much more hands-on manager than Todman. He set up a program of internal meetings such that he, the responsible DAS, and I met with the entire staff of each regional desk every couple of weeks for an open discussion of problems and how to proceed. I had such meetings with the economics and political-military staffs. But Nicaragua soon came to dominate Vaky's days.

Q: We'll go into Nicaraguan developments in greater detail. But Vaky wasn't in office as Assistant Secretary of State for very long. How come?

BUSHNELL: I don't have an answer to that. He was there for over a year, a little longer than Todman had been. There were a lot of problems and frustrations in connection with our policy on Nicaragua and finally the change in government in Nicaragua and the immediate aftermath of that. It was a difficult time for a lot of us, and a difficult time for Vaky especially. I was much less involved on Nicaragua and had many positive issues to

work with such as the Caribbean Development Group and the Panama Canal Treaties. Vaky told his senior staff that he wanted to spend more time with his family. Some people said his wife had developed some health problems about that time. I don't know if this was the case.

Q: What is interesting is the that the Assistant Secretary for ARA saw this as a reason for leaving his position. There were many people who were in and out of that position over a short period of time. Do you have any general explanation for that?

BUSHNELL: Most of the time the position of Assistant Secretary for ARA has been difficult because Latin America has not been very important to the Secretary of State. It is not a position into which the Secretary puts someone who is his personal candidate and who thus has that sort of bureaucratic clot as well as frequent communication with the Secretary. It was also an area where, over the last 50 years or so, most of the time it has been more important to the President than it has been to the Secretary of State. In Latin America there has not been the sort of threat to the U.S. that has resulted in a bipartisan consensus on broad policy. Instead it has generally been an area where two or three issues are seized by the political parties to make partisan politics, for example the Panama Canal Treaties and Nicaraguan policy. The main political candidates in the wings wanting to be ARA Assistant Secretary generally have strong partisan views.

Also, aside from the Middle East, ARA has been the main area where outside pressure groups often are decisive on formulation of policy. It has been an area key to groups which are important in terms of domestic politics, such as the Cuban Americans. It has become a battleground for many non-government groups. The business community has traditionally been interested in ARA and has numerous groups than approach the region as a whole, which is not the case for most other areas. With the advent of the Carter administration, with its emphasis on human rights issues, there has been a heavier focus on Latin American by a wide variety of human rights and religious groups. In this context the ARA Assistant Secretary is buffeted by influential forces on all sides from both inside

and outside the government, without much support from the foreign policy establishment or the 7th floor.

Most FSO's find it much more pleasant to be an ambassador somewhere in Latin America than to be Assistant Secretary for ARA, buffeted by these conflicting forces. Moreover, all of the Assistant Secretaries for ARA with whom I worked, Todman, Vaky, Bill Bowdler, and Tom Enders, complained bitterly about the tremendous amount of their time which had to be spent on the crisis of the moment and the resulting inability to find time to improve relations with the ARA area as a whole and focus on some of the more positive developments in the area.

Q: Isn't it unfortunate that there has been such discontinuity in ARA? I think that it normally takes approximately one year to learn any good job in the Foreign Service. I would assume that at that level there are more interests and complexities that need to be mastered.

BUSHNELL: Any officer, career or political, appointed at the Assistant Secretary or the Deputy Assistant Secretary levels has a considerable learning curve on many aspects of his portfolio. There are exceptions. For example, Vaky as Ambassador in Venezuela was already involved in most of the main ARA issues. He previously worked on Latin America on the Policy Planning Council, was assistant to the President for Latin America at the NSC, was DAS and acting Assistant Secretary in ARA, and served in six Latin countries - three as ambassador.

Q: In any event, Bowdler came in as Assistant Secretary for ARA, replacing Pete Vaky. Do you know anything about his appointment or whether the time that he served as Assistant Secretary indicated any changes in overall emphasis in ARA?

BUSHNELL: Bowdler changed less than Vaky. Vaky had in effect brought Bowdler into ARA in the fall of 1978 by having the Secretary appoint him as the lead American negotiator or mediator in the multilateral effort to negotiate constructive change in

Nicaragua. Bowdler had continued to be the Director of INR [Bureau of Intelligence Research], but he spent most of his time in Central America or working on the Nicaraguan problem in Washington, continuing that role even after Somoza was forced out in July 1979. He basically just continued with this role after becoming assistant secretary for ARA on Vaky's departure. He was the obvious replacement for Vaky toward the end of an Administration unless you were of the school that believed it was inept diplomacy that allowed the communists to take over Nicaragua. Of course, no one in the Carter Administration believed that.

Q: Let's go back to the period in office of Assistant Secretary Vaky. Who else were the prominent figures under Vaky in addition to Brandon Grove?

BUSHNELL: Under Vaky we reorganized the office and initially reduced one deputy position.

Q: Did you have a deputy position for handling economic affairs in ARA?

BUSHNELL: Yes, traditionally there was an economic DAS. Earlier I mentioned Tony Solomon and Don Palmer as Economic DAS when I was in various countries in Latin America. Richard Arellano had this duty when I arrived under Todman. He left ARA, and I took on the economic portfolio when Vaky arrived. Vaky initially had two regional Deputy Assistant Secretaries, Guzman and Grove. I was Vaky's Principal Deputy, also handling political-military, economic, human rights, and regional issues. There was a lot of pressure to fill the vacant DAS positions with political appointees, and Pete brought Mike Finley on board from Congressman Dante Fascell's staff. He handled the Caribbean and was helpful in getting Congressional support for the Caribbean Development Group. After a year he returned to the Hill, and either Vaky, or perhaps Bowdler had taken his place, brought in an Hispanic educator from New Mexico who had been Ambassador to Honduras for a couple of years.

Q: Who was this?

BUSHNELL: Her name was Mari-Luci Jaramillo. Her portfolio covered Public Affairs and Congressional Affairs.

Q: One had the impression that she really didn't perform much of a role, right?

BUSHNELL: She knew Mexico and knew quite a lot about Latin America. However, she knew little about how Washington worked or how diplomacy is conducted. She was mainly in a learning phase.

Q: It sounds to me a little bit like others you had in ARA.

BUSHNELL: She had some good ideas, and fortunately she did not have an agenda.

Q: What do you recall about Jim Cheek's tenure in ARA?

BUSHNELL: Bowdler and Vaky had brought Jim form Uruguay where he was DCM to assist Bowdler with the Nicaraguan mediation. Jim had served earlier in Managua and knew most of the players. Brandon Grove was not happy with his Central American duties, especially as so much was done by more senior officers, and he was left to prepare the paperwork, often after the fact. He wanted out after a year or perhaps somewhat less. Cheek replaced him. Brandon was a correct, quiet Foreign Service Officer who got the job done; he drafted well and and got the papers moved. Jim Cheek was also a career Foreign Service Officer, but he had much more experience in Central America than Brandon and was more action oriented. Jim was a little on the liberal side and was more outspoken. He fitted in well with the Carter administration and had strong views on some issues in Central America. In many ways he was very effective. He was particularly successful in some tough negotiations with the Sandinistas in Nicaragua.

Q: What about Frank McNeill's experience?

BUSHNELL: Frank had served in Latin America and at the OAS although he was a Japanese expert. He was a solid officer, aggressive somewhat like Jim Cheek. He was interested in human rights problems in the South American countries, but he focused on the long-term advantages of getting back to democratic governments. He had good contacts with the human rights community in this country. In many of the South American countries improvements in the human rights situation were occurring rapidly. When the situation improved, Frank thought we should recognize the improvement while continuing to urge more progress.

Q: Are there any other major issues to cover? I think that we've covered the principal personalities. Now, you were following the economic track for a while. What were the principal, economic issues that you were involved in?

BUSHNELL: The most difficult and continual issue was trying to find funding for bilateral aid programs in the Caribbean and elsewhere in Latin America. With the cutbacks in the overall budget for AID [Agency for International Development], there was a continuing effort to reduce aid programs in Latin America to maintain aid programs in Israel and Egypt. We had a priority commitment to increase aid to the Caribbean area. We curtailed aid in Central America, Paraguay, and some other countries on human rights grounds. But we had a hard battle to divert this aid to the Caribbean as AID management and OMB wanted instead to cut total aid or provide levels in other countries higher than Congress had authorized. We had to resort to special Congressional appropriations, for example for Jamaica after a free election moved the country to the right, and supplementals such as the large emergency request for Nicaragua after the Sandinista take-over. Avoiding reductions in the AID budget was a battle which continued throughout the Carter administration and even into the Reagan administration.

The role of the economic Deputy Assistant Secretary in ARA was a somewhat strange one. I had no direct responsibility for aid levels. In theory ARA should just have made its views known to the 7th floor which worked with AID and OMB on the budget numbers. In

practice I lobbied throughout the process, first with my colleagues in the Latin American office of AID to get them to propose increased aid for the Caribbean and, much harder, to move rapidly in reducing aid for the human rights problem countries. Then I lobbied the central AID offices to protect the AID programs of most interest to ARA. Finally I even used my contacts in OMB to enhance the Latin budget numbers. These were tough battles. One of the thrusts of the Carter Administration was to concentrate aid more on the poorest countries. The Caribbean and most of Latin America were more middle income; thus we were running against the tide although President Carter was a strong supporter of our Caribbean efforts. Henry Owen at the NSC was the main proponent of focusing on the poorest countries and Bob Pastor, the senior Latin American officer at the NSC, had continual struggles to protect Latin aid levels. Fortunately, my NSC service had given me a good insider knowledge of the full budget process so ARA could get at least as many bites at that policy apple as anyone.

Q: I was going to ask you, John, if you had some difficulty in dealing with the same issues from an ARA vantage point, than you had had when you worked at the Treasury Department. In fact, did you ever find yourself in ARA arguing against positions which you had supported in Treasury?

BUSHNELL: No, that situation did not arise on substance, although I was probably the worst violator in State of the Treasury rules on managing contacts with the IFI's. In fact, I had few disagreements with Treasury policies. At any rate ARA would never get far in trying to change an established worldwide Treasury policy. The job of ARA is to work with the Latin countries to maximize common objectives within worldwide policies. When a new policy was being formulated, ARA could and did have a role, but usually by working through EB.

Where some elements of State/Treasury friction may develop is with the economic leaders of the Latin American countries. Certainly, this happens with officials of the respective foreign ministries. They approach the State Department and look to us to help them solve

what they regard as a problem. This may be a problem with the World Bank or the IMF [International Monetary Fund]. The State Department is where the political leaders come to resolve any problem in Washington, either through our embassies or directly in person. In some specific cases we would go to the Treasury Department and work for a resolution of the problem. I generally encouraged Latin political leaders to have their economic ministers raise the issue with Treasury directly; the response was often that they already had without result. In many cases ARA's role was largely listening. Generally, the country had not taken the sort of policy measures that were needed. When I was at Treasury, I would have pointed out this need for action to the representatives. However, at State I often refrained from pushing needed action, leaving this role to the IFI's and Treasury and maintaining a friend-in-court attitude.

However, I took advantage of my previous Treasury assignment and contacts to develop an informal information system which was of great value to me and to ARA. I maintained close contacts with the heads of the Latin American departments in the World Bank and IMF and with top management of the IDB. When an embassy raised a question about something important in the IMF, World Bank, or IDB and ECP (ARA's economic office) and EB were slow in getting an answer from Treasury or the answer was not responsive, I just picked up the phone and asked my friend who was in charge of the matter at the IFI. Morever, these contacts often alerted me to major developing problems far before they came into Treasury's line-of-sight. Sometimes these informal discussions actually caused problems to go away. For example, the IFI's did not want to put a couple years of work into a project only to have the U.S. vote it down on human rights grounds. As I kept my friends informally advised on where we were on human rights with various countries, the progress of many problem loans simply slowed or they disappeared. In some cases the basic work was done, and then the loan was bureaucratically delayed when it appeared early human rights improvements would clear the way for favorable action. More loans were delayed in this way than were actually opposed at the Board level.

Partly at the initiative of the David Pollock, the Canadian head of the Washington office of ECLA [the UN Economic Commission or Latin America], a small group of friends with lead responsibilities for Latin America economic matters began having lunch together every six weeks or two months. These were exceedingly useful lunches. The group, which had no formal role whatsoever, became known among our secretaries, who spent hours trying to schedule lunches when all six of us were in town and free, as the No Name Group.

Q: Today is Tuesday, May 12, 1998. You mentioned a No Name Group with representatives of various financial agencies and UN bodies which was useful in resolving problems.

BUSHNELL: The No Name Group was outside everybody's chain of command. Technically, of course, people from the World Bank, IDB, and the IMF [International Monetary Fund] were supposed to coordinate with the Treasury Department to the extent they consulted the US government. However, we knew each other quite well; we were all economists with many years of Latin American experience, and we could deal with many issues informally. Frequently, Adalberto Krieger Vasena or Nicolas (Nicky) Barletta, World Bank Vice-Presidents for Latin America, or Walter Robichek, head of the IMF Latin American Division, would raise a country at lunch because his people were reporting economic numbers that indicated an approaching problem. After the meeting I would task my people, and through them the CIA, to check into the numbers. Unusually they would find nothing, but the problem mentioned at the lunch would become clear in a month or two. A couple of the incumbents of the No Name Group changed over the 1978-81 period, but in each case the new official turned out to be someone well known to all of us. We all attended many of the same social functions at Latin embassies, the OAS, and related institutions, so we had numerous occasions to exchange ideas on a one-to-one basis. I kept a large piece of paper in my desk draw and, when something came to my attention that I wanted to explore with a member of the No Name Group, I would make a note.

Perhaps the most exciting No Name Group lunch was just after the Sandinistas had taken over in Nicaragua. Although many of us in the government had grave reservations about the Sandinistas and feared Cuba-like policies, I had proposed that the US government should make every effort to assist them on the economic side so that it would be their decision, and not our push, if they chose to abandon the free market, western economic system. We were beginning work on an emergency request to Congress for a large amount of AID funds for Nicaraguan economic recovery. I explained this approach to my friends in the No Name Group. They all immediately endorsed such as approach. Some of them had major reservations about the Sandinistas, but they had all been debating how to treat the new government and wondering how the U.S. would treat it. As we could not identify many experienced economic policy people among the Sandinistas, the international agency officials decided that each should send a couple of senior experienced people to Managua promptly to explain their policies to the Sandinistas and make sure the young Sandinista leadership knew their doors were open for help if they played by the usual rules of the IMF, IBRD, and IDB. The UN and OAS would encourage the Sandinistas to work with the IFI's. My friends pointed out that many Sandinistas were strongly anti-American because they believed we had supported Somoza for decades. I said it was better if others took the lead. We discussed a UN or OAS role as the World Bank, the usual assistance coordinator, was seen as close to the United States. Thus the UN soon called for a special meeting in New York to bring potential donors together and hear what the Sandinista economic policies were.

Everyone was quite excited with this opportunity to try to get off on a favorable basis with a new revolutionary government. At the end of the lunch one of my friends said that, if Nicaragua becomes a Cuba, it will not be because we did not make clear that there is a better alternative. Over the next couple of weeks my staff was working with EB and Treasury on pressing the IFI's to move rapidly on Nicaragua. It was, of course, no surprise to me when ECP reported that all three major IFI's had already sent senior representatives to Managua.

I was often able to use my IFI or Treasury contacts to improve communication. Often when the IMF or the World Bank do not want to do something, it just seems to get buried in the bureaucracy and the country concerned may not understand what the problem is. Also the IFI's often communicate concerns at the middle staff level of a country. In Latin America too often the middle level officials do not explain the problems to their bosses because they know it is not healthy for their careers to be the messenger of bad news. When a delegation from Latin America or an Embassy would come to me or to others in ARA with an IFI problem, I would often call the responsible officer in the IFI or Treasury and ask them to see the Latins and explain the situation clearly. I could often point out the Latin officials seemed to have specific misconceptions, and would warn my friends when they were angry. The IFI or Treasury would usually agree to such a meeting. This friend-in-court to both sides approach not only improved our diplomatic credits with the Latins but also built confidence in the IFI's and Treasury that I was not taking positions behind their backs. I heard once or twice from EB that Treasury did not like my close contacts with the IFI's; probably it was mainly EB that did not like them. I heard once from a Treasury friend that someone raised my actions with Assistant Secretary Fred Bergsten, who said something to the effect, “Consider him a Treasury staffer.” Fred never raised the matter with me, but he did ask me to help on a couple of Treasury problems in the IFI's.

There were a lot of economic issues. There were those things I spent a lot of time on because they were important to ARA policies such as aid levels, and there were those things where I wound up doing more than I might because they seemed the right thing to do. Among the things I pushed, although it was not a high priority interest, was economic integration and cooperation among Latin American countries, among the Andean countries in particular. The Andean Common Market had a bad reputation as political and ineffective everywhere in the Government outside of ARA [Bureau of American Republic Affairs], and even with most economists in ARA. But I saw a positive thrust on the Andean Common Market as a way for the U.S. to have a positive dimension to our policy toward these five countries to which we were not providing much economic assistance.

Q: This group consisted of Peru, Colombia, Chile, Ecuador, and Venezuela?

BUSHNELL: And Bolivia. Chile opted out at a fairly early stage. These are not countries which historically had a lot of trade with each other. Although they have several common borders, they each mainly exported raw materials. Thus their free trade area was mostly political with some bilaterally negotiated reduction in tariffs for each others' manufactures. They did not yet have a common external tariff. The main thrust of the Andean Market was the development of common or joint institutions and approaches. These were relatively small countries, and it made sense to develop common health standards, packaging rules, rules of origin, some specialized advanced education and research, and other things that didn't necessarily have much to do with trade. Institutions to deal with many of these things on a regional instead of country basis offered major economies of scale and efficiency in the use of highly skilled personnel who were in short supply in all the countries. There was also an Andean Bank for Development; although AID was not willing to provide it with any money, it was able to raise some funds from the private markets.

All the Andean countries were interested in improving access to our market for raw materials and particularly for some of their new expanding exports such as flowers, textiles, and fresh fruits. They generally wanted investment. Thus trade and investment consultations with the U.S. as a group had considerable appeal to them. It was also convenient for us; we could put together a higher level delegation to deal with the five countries together than we could for bilateral talks with each. Such consultations also gave us an opportunity to relate to some of the regional institutions, which, although weak, had potential as particularly good ways to promote our long term trade and investment interests. Through these consultations we were able to address quite a few technical things, but overall they were probably not worth the time and energy which ARA had to expend to get other agencies to the table. When we decided in ARA to promote a dialogue with the Andean Market as an institution, we didn't get resonance from most other

agencies. I had to get this going with my own telephone, begging other agencies to place responsible people on the delegation.

On several regional economic matters my view was different from that of most of my predecessors and probably my successors. For example, I tried to increase our contacts with and support of ECLA [Economic Commission for Latin America]. Previously, no one in Washington thought ECLA had a constructive role to play, although many of the economists in the Bureau of American Republic Affairs used ECLA publications as a source of statistics and other information. Most Latin countries supported ECLA and provided it with good data. By 1978 ECLA had a much more market oriented attitude on economic policy than it had had in the 1950's and 1960's when it had favored more regulated economies and import substitution at virtually any price. ECLA offered the countries of Latin America some fairly sensible economic advice, so I felt we should be more cooperative with ECLA. To emphasize the supporting posture I twice headed the US delegation to the ECLA annual meeting, in 1979 in La Paz and in1980 in Montevideo. Usually the delegation to an ECLA meeting was headed by someone from USUN [the Mission to the UN] with a couple of officers from EB and ECP. At the meeting I managed to say quite a few good things about the work of ECLA by stressing the positive and ignoring most of the points of criticism in my brief. Of course, I countered the Cubans, the most active other delegation, which pressed for more socialist oriented work. I got in my usual speeches on the value of market allocation of resources and the private sector, but I was able to spin these points as supportive of the ECLA secretariat work instead of as criticism of it, as had been the case with the US delegation in other years. Fortunately for me, Melissa Wells from USUN was the alternate representative, and she did all the work on trying to hold the budget down. Tipping our hat to ECLA was a small thing. My attending the ECLA annual meetings did not have sensational results, but it was part of a shift in policy toward Latin America to be more supportive of regional organizations.

Q: Institutionally, what do you have to say about ECP, the Office of Regional Economic Issues?

BUSHNELL: The Bureau of American Republic Affairs traditionally had a large office for economic issues. When I started in ARA in 1977, there were about 10 officers assigned to ECP, although we cut back moderately over the years. In ARA we relied on ECP to do much analysis and negotiation with other parts of the US government. In some other bureaus the staff of the office handling regional economic issues was much smaller and relied much more on EB and INR to do the negotiation and analysis. In part ECP was so large because of the major role it had played under the Alliance for Progress in administering our aid programs during the 1960's. However, there were sufficient economic issues in our Latin relations to make full use of ECP. For example, when we decided to seek emergency legislation to fund Nicaraguan recovery after the Sandinistas took over, I was fortunate to have three officers in ECP who could spend virtually full-time on this project for several months. Otherwise I would have been dependent on AID which was much less able to build a package and rationale based on the political situation. ECP also did the staff work to support my efforts to increase assistance for the Caribbean.

Q: I was assigned to ARA/ECP for a while during the 1970s. You came to see me a couple of times when you were assigned to the NSC [National Security Council] staff. I found ECP a rather frustrating place. I was supposed to be overseeing the implementation of the Rockefeller Commission recommendations for Latin America, which came out in 1969. In effect, there was an uneasy relationship between EB and other agencies, and especially the front office of ARA which never really understood the foreign affairs bureaucracy or economic issues, as I saw it. How did you find ECP?

BUSHNELL: I thought it was pretty good. Most officers in ECP had a good enough command of economics to communicate with the PhD's elsewhere in government and a good enough understanding of the Latin American political situation to meld the economics and politics. Stephen Rogers was the Office Director when I was arrived, but I did not work

directly with him much because Richard.Arellano was the DAS responsible for economic matters.

Q: And Joe O'Mahony was his deputy. They were replaced by...

BUSHNELL: Gerry Lamberty and Steve Gibson. When I took over responsibility for economics with the arrival of Pete Vaky in July 1998, I brought Gerry in to head ECP. He had been in ECP during the Dominican crisis in 1965, and I knew he was a good leader and not bad with the economics. During most of the time I was in ARA, ECP was a spirited office, partly because of the role we were playing on the AID program and partly because Gerry got everyone involved in the policy making battles.

After I took over the economics portfolio, I attended a series of AID-chaired meetings held every year concerning the major countries with AID programs. There was a U shaped table with space for the senior AID policy officers at the center. The Director of AID often attended. The object of these meetings was to discuss what AID was going to do and how much money was available or would be requested to do it. These meeting were part of the budget formulation and implementation process. The main reason I attended when Latin American countries were discussed was to try to increase aid levels for the Caribbean and assure the aid was being allocated according to the priorities established with the recipient countries in the Caribbean Group. Officers assigned to ECP could see that their work on the allocation of aid by country and on what aid was being used for in these various countries was often translated into policy. The suggestions they made, even those which were opposed by the policy level of AID itself, which often criticized our views, were often adopted either because the Director of AID was receptive to my arguments that the Caribbean was a priority for President Carter or because we later raised the issue to the 7th floor and someone raised it with AID and OMB on behalf of Secretary Vance.

After the Sandinista-led take-over in Nicaragua in July 1979, I argued the only way we could provide the substantial bilateral financial assistance that was needed for the

damaged economy to recover quickly was by seeking a supplemental appropriation from the Congress. OMB pointed out that it was already late in the budget cycle for the next year and there were not even many more days that Congress would be in session in 1979. However, most everyone saw that seeking a large separate appropriation would be the best public signal to the new Nicaraguan government that we were prepared to cooperate with them. Vaky asked how soon we could have a supplemental package ready for the Congress. The AID people said two or three months; I said a week to ten days if everyone cooperated in giving it priority. The concept was approved, and I met with ECP to put that office in charge of the entire package.

Gerry Lamberty is a great supervisor who gets the best out of his people. I remember a couple of days later I went down to ECP on a Saturday, and it was summer, and found the entire staff was there working on the Nicaraguan package. Everybody, even those officers who normally work on South America or trade. They had all come in to work the weekend and get a first version ready for comment by other offices on Monday. This was the same spirit that had existed in some offices at the peak of the Alliance for Progress. The opportunity to participate in something like this that could be decisive in getting Nicaragua on the road to democratic, market-oriented growth instead of toward alliance with Cuba does not present itself to FSO's all that often. The ECP team was working on a request for $35 or $40 million. I had not received any guidance on the size of the request, nor had I given ECP any. I said $40 million wasn't enough, we should ask for at least $100 to150 million. “Wow,” someone said, “that's more than the entire AID program for Latin America.” I went to work with ECP to develop an outline budget for this greater amount. By Monday morning we had a draft of the main paper, typed and ready for other offices to review immediately. Most AID officers were so surprised to get a solid paper so quickly and for such a large amount that they cleared it in shock. In no time the supplemental request was on its way to the Hill, and ECP was busy writing talking points and testimony for me and others to work for its passage. Of course, despite our best efforts the hard-line

Sandinista group soon pushed out the moderates and gave the Cubans a decisive role. At least our efforts assured that no one said we drove the Nicaraguans into the Cuban camp.

The same budgetary negotiation process applied to military assistance as for AID except that PM [State Bureau of Political-Miliary Affairs] was the driving force. I believe that George Jones...

Q: George Jones was involved in this process?

BUSHNELL: Yes. He joined the ARA regional affairs office in the fall of 1979 as deputy director and moved up to be director about a year later. At first the military assistance budget was not much of a problem because we were cutting military assistance to so many countries on human rights grounds. However, as one South American country after another held elections and much improved individual human rights, we wanted to reward their militaries for supporting elections by reestablishing or increasing military assistance. The lead times were too long. It took almost two years from the time we added funds in the draft budget until the funds were appropriated and could even be obligated for training or equipment. Thus we tried to meet immediate needs by reprogramming funds budgeted for other countries. The total amount in Latin America was small so George Jones and I would lobby PM to divert funds from other parts of the world where there were cutbacks or where obligations were being made slowly.

Q: Is there anything further that you want to say on the economic side?

BUSHNELL: In my role in ARA as both principal deputy and economics deputy, it was hard to know how to define what's economic and what's political or human rights or just diplomacy.

Q: Well, we could also take up the cultural area separately. Do you want to say anything about regional or sub-regional issues?

BUSHNELL: No. But I might mention ARA's fairly intensive consultations with other developed countries. We consulted with the Japanese and the British twice a year in principal, once in Washington and once in their capital; often a meeting with the Japanese at least would slip. Usually the Assistant Secretary or Luigi Einaudi, the director of ARA's policy planning office, led our delegation, but I liked to attend those meetings. I would lead the discussion on economic issues when the meetings were in Washington. I never went to Japan for ARA, but once I led the delegation for the British consultations in London. I also visited other countries to try to rally support for our policies, first for the Caribbean Development Group, then for dealing with the new Nicaraguan government, and finally for our El Salvador policy in 1981. These were difficult trips covering five European capitals in five days. For the Caribbean Group the Dutch were important because of Surinam, where there was a police revolt and crisis at one point; of course the British and French had territories there. Then one had to visit the EEC Commission which had all the trade issues as well as a substantial aid program; finally the Germans had money but not much interest in the Caribbean or Central America. I also visited Canada twice for consultations on Latin America. Canada was very supportive of the Caribbean Development Group.

In 1981 on El Salvador we moved the consultations into NATO to make clear that El Salvador was a matter of national security, but the NATO venue had the advantage of reducing my travel greatly. I was Acting Assistant Secretary when Secretary Haig and Assistant Secretary for European Affairs Eagleburger arranged a NATO consultation on El Salvador. The equivalent of the assistant secretary for Latin America from the major NATO foreign ministries came to Brussels. It was early in the Reagan Administration and everyone was trying to understand the new Administration's policies. By this time I had been in the ARA front-office for over three years so this meeting was like an old friends meeting for me. Our Ambassador to NATO at the time was Tap Bennett, who I knew well from the Dominican Republic; I stayed at his residence, and he guided me through the formalities. Most of the Latin experts from capitals I knew fairly well for my previous consultations in capitals, their visits to Washington, and meetings of the Caribbean

Development Group. We had a vigorous discussion of El Salvador which lasted all day. I was able to give them considerable new intelligence since the NATO format allowed a high level of classified sharing. I learned more than I had expected, and I think the meeting did a lot to get our Allies behind what we were doing in Central America. They wanted a greater role on the economic side; I agreed to that, and we soon took steps to implement a Central American version of the Caribbean Group.

I made several trips to Europe in the first half of 1981. In April, as acting assistant secretary, I was a senior member of the delegation to the annual IDB meeting in Madrid. It was somewhat of an awkward meeting. The Deputy Secretary of the Treasury, R. Timothy McNamar, who headed the delegation, was quite new and not familiar with either the issues or the people. Since I had attended such IDB meetings for years from my Treasury or ARA jobs, I knew both. We struck up a good relationship, and McNamar had me do much of the talking in bilateral meetings and the IDB business meetings. Fortunately, the Embassy, headed by Ambassador Todman, arranged for me to have several lunches, dinners, or appointments with the Spanish Foreign Ministry and AID officials who deal with Latin America, so I could avoid being too much in McNamar's hair. I also did a round of consultations in European capitals in June 198Central America and the Caribbeaa few weeks before Steve Bosworth took over from me as principal DAS.

Q: Were you involved in any trade negotiations at that time? They sound as if they were pretty much on the back burner. Were you very interested in that?

BUSHNELL: After I assumed the economic deputy duties in the fall of 1978, I would attend once a month or so the staff meetings of Julius Katz, who was Assistant Secretary of State for Economic Affairs. These meetings were attended by the senior economic officer from each of the regional bureaus in the Department of State as well as by Katz's deputies and office directors. I would use these meetings to try to get EB support for whatever we were trying to do in ARA. These meetings were especially valuable in avoiding the accusation that I would go behind the back of EB in dealing with the IFIs. Trade negotiations were

often discussed at these meetings. At one point I suggested that we might benefit from some bilateral trade talks with Brazil, and I believe Katz picked up on this suggestion and something was arranged, but I did not participate. In the wake of the Soviet invasion of Afghanistan in 1979, a major subject in Katz's meetings was economic measures against Russia, especially our attempts to embargo grain shipments to Russia. Of course, the Afghanistan invasion raised many political issues such as the embargo of the 1980 Olympics, but the grain embargo was a responsibility of Katz, and it had little effect because of Argentina.

Q: That also caused the military buildup, which President Carter revived in a number of ways.

BUSHNELL: The Soviet invasion of Afghanistan was a major event. The entire Department of State was involved in reacting to it. There were two aspects of the reaction to the Soviets that I was responsible for in ARA. One was efforts to persuade countries not to increase their exports of foodstuffs to the Soviet Union so that our grain embargo would have a significant effect. The second was the embargo of the 1980 Olympic Games. The difficult of drawing a line between the political and the economic is illustrated by these issues.

Argentina presented a major problem on grain exports. When NATO countries largely stopped grain exports to Russia, the Russians offered the Argentines a price higher than the international market, and the Argentines began selling large volumes of grain to Russia, replacing the purchases Russia had traditionally made in the US market. Thus, not only was the grain embargo not having the desired effect on the Soviets, but American farmers were hopping mad as the price for their grain dropped and the Argentines got the business and the premium prices. The issue was how could we get Argentina to cooperate when the higher grain prices were in Argentina's interest. Our relations with Argentina were not good because its military government had committed major human rights violations during its guerrilla war with the far left and we had continued loud criticism

of the Argentine failure to resolve disappearances and punish those responsible; we had opposed some IFI loans and largely halted Ex-Im lending. Although the current Argentine human rights situation was much improved, it was still a military government, and we had done little to recognize improvements in individual human rights. In fact the State Department, as well as many human rights groups and Congresspersons, continued to badger the Argentine government on its human rights history.

I could see our diplomatic approaches on the embargo were not effective, and, if anything, they just gave the Argentine leaders a chance to retaliate for what they considered attacks on them by our human rights activists. However, the Argentine military was strongly anti-communist. They did oppose the Soviet attack on Afghanistan. Moreover, as the Argentine economic situation had improved rapidly with large inflows of capital, Argentina did not really need to maximize earnings from grain exports. In fact the economic team of Martinez d' Hoz and Walter Klein, with which I was in contact, was sympathetic but told me the embargo issue was strictly a call for the military. It seemed we might be able to change the Argentine position on the embargo if we could reach the senior military with the right arguments. Thus I suggested President Carter should send a special emissary to Argentina to talk with the senior Argentine military, especially the key Army officers, and explain why the embargo was in the interest of worldwide security and Argentina should not covert itself into a de facto Soviet ally by canceling the effects of the embargo. I thought only a senior military officer, preferably from the Army, who the Argentines would know, at least by reputation, could persuade them.

I did not have a particular candidate, but I soon learned that General Andrew Jackson Goodpaster was assigned the task and would be coming to see me shortly. General Goodpaster was one of our most illustrious Army officers. He had been recalled from retirement to be Superintendent of West Point. Earlier in his career he had been commander in chief of NATO, director of the joint staff, Commandant of the National War College, Deputy Commander in Vietnam and had also practiced quite a bit of diplomacy as a member of the UN military staff and a member of the delegation at the Paris Peace

talks. We spent most of an afternoon essentially working on his talking points. He already knew the Afghanistan situation and the embargo story. I gave him background on the Argentine military leadership to supplement what he had gotten in Defense. The difficult question was how he would handle the human rights issue. It seemed likely that, if the Argentines agreed to modify their grain export policy, they would try to bargain for some concession from the U.S. such as reestablishing military sales which had been cut off for human rights reasons. Military sales were important to them because this program was about the only way they could get the spare parts needed for their American-made ships and planes. Although both Goodpaster and I thought it was likely President Carter would make such a deal, we certainly did not have the authority to offer it without going through a long and probably difficult bureaucratic process, complicated by the fact that Argentine interest in such a deal would be only theoretical. Thus we decided Goodpaster should sidestep human rights. He might recognize the recent substantial improvement and praise this progress but perhaps indicate the Washington bureaucracy is slow to adjust to favorable changes. He might promise to press in Washington for a review of the human rights situation and related measures such as military assistance, pointing out that favorable Argentine action on grain exports would speed such a review. He might indicate that the Army was opposed to stopping military assistance (true). Finally, if it would close a favorable deal and he was in agreement, he might promise to urge the President to take whatever action the Argentines put at the top of their list.

His mission went well. I had reenforced the obvious by calling our Ambassador in Buenos Aires, Raul Castro, on the open phone and telling him Goodpaster was at that moment at the White House (true), that President Carter gave the highest importance to his mission (also true), and that Ambassador Castro should try to give Goodpaster opportunities to talk alone military to military with the Argentine military leaders. The Argentine military was prepared for him; they said the Soviets were terrible people and Argentina was part of the western alliance. They were prepared to stop grain exports to the Soviet Union above the average level of recent years. But they could not cancel firm sales already signed and

in some cases loading. Once this pipeline ended, they would curtail exports direct to the Soviets, but of course they would export grain to Europe. They said that, after the grain reached Europe, there was nothing further they could do to stop it reaching the Soviets, as it was out of their control. I'm sure there was a certain amount of truth to that point although it certainly left some doors open for smart traders. In fact most of that year's Argentine grain was already shipped. But, after some refining of the wording, we were able to announce that the Argentines were cooperating with the embargo, which was a diplomatic victory and relieved some of the pressure on the Administration from our grain farmers. The Argentine did not ask for a quid pro quo on military assistance or anything else except to be recognized as an ally of the West.

The second Afghanistan issue was boycotting the 1980 Olympics in Moscow. We mounted a major diplomatic campaign on this. I should explain I had changed the way we did diplomatic campaigns in ARA. Diplomatic campaigns are a classic part of diplomacy, although most officers in State do not call them campaigns, which is part of the mind-set problem. I found that, at least in ARA, we were not well organized to run these campaigns. In fact, it was my observation that other bureaus in the Department of State were not well organized to run campaigns either. Traditionally State started with one instruction which was sent to all posts in the world, or in an area if it was a regional issue. This cable was generally well drafted, but it was general because it was going to many countries. It explained why we wanted something, but, of course, it did not explain why country x should want the same thing or deal with particular problems country x might have in supporting what we wanted.. Such a general cable sent to most posts in the field may be a fine way to inform others of a position in the UN, but, if you have a serious and difficult problem on which you really want support, you need a more individual approach to other countries. One shoe does not fit all. Typically, after sending the cable State would sit back and wait for replies to come from all or most of the countries. Then someone would summarize the replies and perhaps prepare a memo recommending next steps, if any.

I set up a new ARA system to use when we were running a serious campaign. I would have the country directors take the general cable prepared on the subject and recast it to fit the situation of the country we were approaching. Many of the arguments would be the same as in the general cable, but I asked the country desks to try to build in the best arguments of why the action we wanted was in the interest of the country we were approaching. We listed all the ARA countries being approached on a blackboard. As replies to our demarches came he, a brief summary was posted. Usually we did not limit ourselves to approaches in the field; I asked our desks to raise the issue with the Embassy of the country in Washington and to try to get the Embassy to get back to them not withstanding the approach in the field. For the most important issues we arranged for the Assistant Secretary or a 7th floor principal to convene a meeting of ambassadors to the U.S. to go over the issue. I instructed our desk officers to get the reaction of the ambassadors as they escorted them out of the building. As our campaign developed, we looked for additional opportunities to accomplish our objective on a country by country basis. Perhaps a leader wanted to made a State visit to Washington. We might explain to the embassy trying to arrange it that favorable action on our issue would enhance the prospects. All of these approaches were noted on the blackboard until we got a favorable reply. As the number of favorable relies increased, we might ask a country now favoring us to help with another country where it had influence.

Such a diplomatic campaign took up a lot of my time as well as much time throughout the staff. My view was that for important issues a primary job of Washington, meaning the State Department, was to coordinate an effective campaign. I became known in ARA as Mr. Campaign. Among the campaigns I recall were: stopping election of Cuba to the UN Security Council, stopping an IMF drawing by Nicaragua in the fall of 1978, increasing economic assistance for the Caribbean Development Group, the Olympics boycott, and getting active Latin American support for ratification of the Panama Canal Treaty. In some cases we kept the tally on paper and did not use a blackboard, in part for security reasons.

One of the toughest and longest campaigns was the Olympic boycott. A few countries supported us right away, mainly countries such as Nicaragua and Paraguay ruled by anti-communist strongmen who did not care much about the Olympics and wanted to court favor in Washington. Many countries argued that their Olympic committees were private and they did not control them. However, our research identified that many countries gave large amounts of government money to fund Olympic participation. This campaign went on for some months and involved a much more government-wide effort than the usual ARA campaign. When a Latin American Ambassador in Washington or a visiting senior official from a country which did not yet support the boycott asked to see Zbigniew Brzezinski [National Security Adviser] or some other senior official including the Secretary of State or Assistant Secretary Vaky, the official would be given a brief indicating what that country had said about the boycott and suggesting arguments to counter their points. After the meeting we did a separate cable on the Olympic aspect indicating what the visiting official had said and suggesting arguments for our Embassy to use in following up. At the beginning there had been group sessions with the Ambassadors on Afghanistan and the policies in reaction to the invasion conducted by senior officials. A series of cables had gone to all Embassies to make demarches, and, in our usual way, ARA sent individual cables to many of our countries. As a few Latin countries agreed to boycott, we sent follow-up cables to our embassies in countries which could use this information as the basis for another, maybe higher level, approach. Our desk officers and country directors were instructed to raise the Olympic boycott at least once a week in their contacts with the local embassy. I don't think any Latin American country had any doubts about the strong feelings behind the US position.

[NOTE: First 20 minutes of Tape 13, side B are inaudible. This section has been reconstructed during editing.]

BUSHNELL: As this Olympics campaign wore on, we focused on a few countries as some had joined and it was clear a few would not under any circumstances. Secretary Vance

asked us to make a further effort to get at least a couple more to boycott. I forget what other countries we were concentrating on, but one was the Bahamas. We had made our usual efforts, but we had thought the British would bring this country, fully independent only since 1973, on board; it was not happening. Someone suggested I go to see the Prime Minister on this issue to show how serious we were. Prime Minister Lynden Pindling was in many ways the father of this young country; he had led the government which had full internal powers for several years before independence, bringing black majority rule to a country long ruled by whites. However, he was widely believed to be corrupt in many ways; DEA [Drug Enforcement Agency] had even approach me about catching him in a sting in Florida when he came to visit his dentist. I debated with my staff how best to approach this wily and tough character. No one had any great ideas. I did not believe I had ever met Pindling, but, when I saw him, he reminded me that I had been seated at a small table with him during an IFI dinner while I was at Treasury. He was his own economics secretary and represented the Bahamas at quite a few IFI meetings.

The Country Director arranged for our Ambassador to invite Pindling to a lunch for me, making clear what the subject would be. But Pindling preferred his territory and invited us for lunch with him and his key cabinet. I believe the Caribbean Country Director went with me and we caught an early flight to Miami with a connection to Nassau. Most of the lunch we chatted about the economic prospects for the Bahamas , and Pindling explained his rather grandiose plans. I was as supportive as possible. As desert was served, I told the Prime Minister my job was to convince him to boycott the Summer Olympics [of 1980] in Moscow. I said I knew it would be hard as the Olympic Committee in his country was private, although quite a bit of public money financed participation in one way or another. I said I also knew the Prime Minister had lots of powers of persuasion in his country. If he really set his mind to it, about anything could be done, good or bad. I said President Carter had not asked him to do anything else, but this issue was very important to our President. If many countries do not follow our boycott, it appears that our President does not have much influence around the world. Moreover, this kind of Russian behavior was

unacceptable. If the Afghanistan situation does not cause a strong reaction from the free world, when these armies start marching who knows where they will go next?

I said there were a lot of countries that were part of the Free World and that we wanted all to stay that way and I assumed he did too. For good or bad, the boycott is one of the things that we are doing to show the free world's disapproval of the Russian action, and we need and expect to have his help. I added that we are always reluctant to use our power, but sometimes just giving some things publicity is an easy use of the information we have. The Prime Minister said he didn't know anything about Afghanistan, which is far away. He said from what he knew of the communists, they would be glad to trade an Olympics for domination of another country. He did not tell me he could not control the Bahamas Olympic Committee. I said I had not come to argue the merits of the boycott or other parts of the Afghanistan policy with him but to ask him to support President Carter as the leader of the free world and to let him know that we would take what he does on this matter into consideration as various things, perhaps involving him personally, come up over the next months.

He paused for a long time. Notably, he did not seem to consult with or even look at any of his cabinet. Then he said: “What you mean is that you really are calling for my support. It's like playing on an American football team. President Carter is the quarterback, and I am a lowly linesman. When the quarterback calls an absolutely asshole play and my job is to block right, I block right as hard as I can if I am a good member of the team.” I said: “That's right, and if you make a good block, I won't tell the quarterback what you think of his playcalling.” He promised a perfect block and asked for our cooperation on how and when the Bahamas boycott would be announced and help on those other matters that might come up in the future. I was back in Washington for a late dinner.

Since we are talking about campaigns and also the complex interplay between economic and political matters, this might be a good place to go over the IMF vote on Nicaragua. By mid-October of 1978 the mediation efforts of Ambassador Bowdler and his team had

brought the opposition to Somoza together, and they united on a proposal calling for Somoza's immediate resignation. About that time Bowdler recommended the U.S. apply sanctions to force Somoza to respond favorably or at least make a reasonable counter proposal. I did not have much to do with this mediation effort; as it took much of Vaky's time, I was busy with all the other issues. I knew in broad terms what was happening in Nicaragua as I read Bowdler's cables and was briefed by Vaky. I noted Bowdler's suggestion that, to increase pressure on Somoza to reach a negotiated solution, we halt bilateral aid and stop lending from the IFI's including the IMF. I knew Nicaragua was advanced in negotiation of a major drawing from the IMF. Earlier I had discussed it with my friends at the IMF, who were no friends of Somoza, but they told me that he had nearly balanced the budget and, going by the numbers which was the obligation of the IMF, the staff would recommend approval to the board. One person working at an international financial institution commented privately to me, “Somoza can easily fix all Nicaragua's economic problems. All he has to do is stop stealing from the government and have his family members pay their taxes.” Perhaps that is what he did. At any rate I thought we would limit any sanctions to the World Bank and IDB. The policy since Bretton Woods, supported by virtually all other IMF members, was not to introduce political factors in the IMF because they would interfere with its principal purpose of promoting world monetary stability.

At this time I was invited to participate in a two-day war game exercise by the Department of Defense. It was my first senior level war game, and I was enjoying it. Among the participants were Andy Young {Ambassador to the UN}, John Stetson {Secretary of the Air Force}, Herb Hansell {the State Department Legal Advisor}, Lannon Walker {State DAS for African Affairs}, Vice Admiral Bobby Inman {then Director of the National Security Agency}, Ellen Frost who had worked for me at Treasury and was then Defense DAS for International Economic Affairs, Tom Smith {State Director of West African Affairs}, a dozen generals and admirals and several additional civilians. The scenario dealt with Africa. The middle of the afternoon I received an urgent call from one of Secretary Vance's assistants

telling me Vance needed to see me immediately in his office. During the short cab ride to State, I was going over in my mind what it was I might have done that would upset the Secretary. Nothing came to mind.

I went directly to the Secretary's office and found Jules Katz, the Economics' Bureau Assistant Secretary, waiting. Before I could even ask Jules what this was about, the Secretary called us into his office. Secretary Vance said he had just learned that the IMF Board would be considering a large drawing {loan} for Nicaragua within a week. He said we needed to stop this loan. I think Jules was even more surprised than I was. Jules pointed out that it was long-established international policy not to introduce political considerations into the IMF. Jules had spent most of his career dealing with trade, but he was familiar with some finance matters, and perhaps he had had a two minute briefing from his monetary experts. Vance said that policy would have to change and the U.S. would have to vote taking all aspects of the situation in Nicaragua into account. An IMF loan to Somoza now would be seen as a major sign of international support and would discourage the democratic opposition that was negotiating with Somoza. I saw that the Secretary did not understand the IMF system and how the U.S. relates to it. I explained the United States, although the largest shareholder, could not by itself veto or vote down a routine operation in the Board. We had veto power on issues requiring a change in the articles which require a super-majority, but we had less than 20 percent of the vote at the Board level. We could have a lot of influence as the staff work on a drawing was being done, but it was too late for that now. The IMF Staff had made its recommendation, and the papers had been circulated all over the world recommending approval. The technical case for the drawing was strong.

The Secretary then said, “Look, I need your help. How are we going to stop this thing.” As I recall, Jules in his usual blunt way said something to the effect, “We're not going to. Its impossible.” I reminded the Secretary I had recently spent two years at Treasury. I said he could call Foreign Ministers all over the world and get their support with little effect. The IMF is the territory of Finance Ministers and only with a major effort from our

Treasury and from Secretary Blumenthal himself could we do what he wanted. He said that he understood this point and he would deal with getting Blumenthal fully engaged. I said the next difficulty is that senior Treasury career staff and their counterparts in the European missions in Washington and in finance ministries around the world would fight their ministers to avoid the introduction of political factors into the IMF, and in most cases they would win, especially as there is little time before the vote. I suggested we try to make a technical case to oppose the loan. That way we would not be upsetting so many applecarts. Most people would understand that we also had a political agenda, including most importantly Somoza and the opposition. But, if we could sell a technical case, Finance Ministers could go along with us without setting what they would consider a totally unacceptable precedent. Of course we also have an interest in the precedent. IMF operations were not affected by the Congressional human rights legislation and were not even reviewed by the Christopher Committee.

The Secretary recalled I had said the technical case would have to be strong. Fortunately, I had a flash of an idea which had not occurred to me before. I said I had seen several intelligence reports indicating Somoza was trying to buy a lot of arms abroad and was planning to expand his military. We might make the case that Somoza is about to blow the austerity program he is agreeing with the IMF right out of the water when he pays for arms and more soldiers. Secretary Vance's face seemed to light up. He said now you are really helping us. I said we would have to make what information we have available to others to make this argument and I did not know how reliable it is. The Secretary said he would get me everything there is, and he immediately called the Director of the CIA and arranged for me to have a secure telephone conference with CIA in a couple of hours during which time they would pull together everything on Nicaragua arms purchases and force expansion. He asked me to draft a cable making the case. I pointed out that we had had the best success in Treasury when the staff personalized messages from the Secretary to his key counterparts instead of using a general draft and when senior Treasury staff and our

Executive Director in the IMF contacted the local finance representatives one by one. He said he would suggest Blumenthal approach it that way and have his people work with me.

I am not sure if it was in this first meeting or in a later meeting after the Secretary had talked with the Treasury Secretary that I pointed out trying to vote down the IMF drawing with less than a week to campaign had a high risk of failure, which Somoza would use as a great victory. Our technical argument was not overwhelming. A modification would be to press for a postponement. Delay was a frequent tactic in the IFIs. Our technical case argued more for a delay to see if military expenditures were going through the roof than for a straight negative vote. When I briefed Vaky, he particularly liked the idea of postponement because it preserved our leverage as the negotiations moved forward.

I went to my office, got the IMF staff report from ECP, put on my Treasury hat, and wrote a first draft of a cable. Jules sent over the couple of paragraphs I had asked his people to prepare. The info I got from CIA was less definitive than I had hoped. Certainly several approaches to buy arms had been made, but they had generally been turned down or at least postponed. In a couple of cases we had intervened to stop a potential purchase. I could not point to a single major equipment purchase that had been contracted. Similarly, there had been a lot of discussions in the National Guard about expansion, but many ideas had been rejected because the Guard did not have the training facilities and equipment for a rapid expansion.

While the draft was being typed, the Secretary called me back to his office. He had had a talk with Blumenthal, and he had several questions. I showed him my rough draft; it was probably at that time we decided to go for a postponement instead of a no vote. At some point that evening I tasked ECP and one of our staff aides to put up a blackboard and indicate each member of the IMF Board, which countries he represented and his percentage of the vote, with space for info we get from our campaign.

The next 48 hours are pretty much a blur. The next morning I went to Treasury and helped some of my old colleagues there do cables from Secretary Blumenthal to his counterparts in the U.K., France, Germany, Japan, Canada, and several other countries. My draft general cable was improved and sent out to many countries, but its main use was as the talking points for the meetings Treasury staff and Treasury attach#s had around the world. In ARA we prepared cables adding several paragraphs on the political situation to send to such countries as Venezuela and Panama to urge their Presidents to get their Finance Ministers to break the expected developing country solidarity in favor of the Nicaraguan drawing. Vaky made some phone calls. Developing countries virtually always supported each other's drawings, in part because they feared that, should they oppose an operation of another country, that country would then oppose their drawings. Also most developing country directors represented many countries, and it was virtually impossible for them to get instructions from all the countries on short notice. Sometimes a director would make a statement on behalf of one or two members of his constituency without affecting his vote. Thus it was unlikely that we would get any votes from these developing country directors, but we tried. In fact actual voting on routine standby drawings was very rare; the board generally acted by consensus, almost always approving the Staff recommendation with at most a comment or two about implementation. In this case the US director would have to propose a postponement and, assuming the Central American director objected, the postponement would be put to a vote.

By the end of the week we had commitments to vote to postpone from just short of 50 percent of the votes according to our blackboard running total. We had followed up with a couple of phone calls from Secretary Blumenthal and at least one from Secretary Vance. My friends inside the IMF contacted me; I explained our position. They said they were not aware of an increase in military expenditures but, of course, such expenditures could undermine the IMF program. They said the Central Bank and Finance Ministry officials they worked with would be among the last to know about increased Nicarguan military expenditures. They seemed almost to welcome a postponement, but, being good

international civil servants, they did not say so out loud . I said I hoped they would indicate to key directors that they had not considered a military build-up in doing the staff paper.

By the morning of the vote, we had picked up another couple of directors, and some others were leaning toward taking a neutral position. Of course, I did not attend the Board meeting, but I recall being told that it was almost routine. During the morning the key executive directors had shared their instructions, and thus they knew the vote to postpone would win. As I recall, the Nicaraguan representative did not even make a long political speech. However, the vote was not seen as routine by Somoza. Later that week I returned to my office from a series of meetings, and among the pending phone calls was one from Nicaragua. I assumed it was from the Embassy since I do not believe I had ever talked to anyone else in Nicaragua. My secretary was returning the calls and said Nicaragua. I picked up, and a voice I did not know asked if I were the John Bushnell who had arranged the vote in the IMF. I guess I said yes and who is speaking. It was President Somoza himself, or at least whoever it was said he was Somoza. He went on that he just wanted to make sure I understood that, if he were forced out, Nicaragua would be the second communist country in the hemisphere and being in the heart of Central America it would open the way for the communists to surround the States to the south. I was shocked, but I was able to reply that the overwhelming majority of Nicaraguans, including the National Guard, are not communists and Somoza could certainly arrange to turn power over to them. He said something to the effect that I did not understand Nicaragua and without him the communists would have it. Then he cursed me and hung up.

I did not pay much attention to this call at the time. I must have told Vaky and Brandon Grove about it. This was a line Somoza, his friends in the Congress and press, and others used frequently. I did wonder how Somoza had identified my role on the IMF vote, perhaps my Treasury friends had indicated I was on lead and that word had reached Somoza from someone in the IMF or in another government. A couple of years later when there was such strong opposition from conservatives to my appointment to a chief of mission, or any other, position, I decided this phone call should have alerted me that

I was becoming identified as a leader of the cabral (gang) in the State Department that was endangering national security by upsetting the situation in several friendly Latin American countries. The thought did not occur to me at the time because I was often opposing those I would identify as in the so-called human rights cabral in the Christopher Committee and in memos. Moreover, I was at the fringe of the action on Nicaragua. On more than one occasion in meetings with Assistant Secretary Vaky I had recited my little piece that there were only two groups with guns in Nicaragua and that failure to sustain an effective National Guard beyond the rule of Somoza would mean a Sandinista takeover. I had opposed some efforts to stop third country arms sales to Somoza on the basis that a political solution satisfactory to the U.S. required a continued balance of forces. I did this well before we learned that Cuba was airlifting artillery pieces, shells, and other heavy equipment into Costa Rica for delivery to the Sandinistas. However, many of my colleagues both in ARA and elsewhere in State and the government saw the National Guard as merely an extension of Somoza and responsible for many human rights violations. I do not believe they wanted the Sandinistas to take over, but their ideal world did not admit the practical reality that those with the guns could and would rule Nicaragua or at least play a key role in determining who did.

To complete the story, Somoza did make a counterproposal to the mediators; the negotiations dragged on for months; the Sandinistas resumed guerrilla attacks. The U.S. adopted a policy of distancing itself from Somoza. Nicaragua showed good improvement on its budget deficit problem, and there were no large arms purchases. Finally, Nicaragua devalue its currency so that every condition in the proposed IMF standby arrangement had been met. The IMF scheduled another vote in May. Not only did we have no technical reason to oppose the drawing, but Treasury raised the policy issue early insisting that we not introduce political considerations into the IMF. Although Vaky and others argued that approval of the IMF lending would be seen as support for Somoza, no one seriously considered trying to block the operation. Many of us believed it was inappropriate and counterproductive for the U.S. in the long run to allow political considerations to determine

IMF actions. Those who may not have agreed were convinced by the argument that we actually had no chance of getting enough votes to stop the drawing.

Q: You were not concerned with Cuba.

BUSHNELL: I spent a lot of time on Cuba. Cuba was a big issue in one way or another all during the time I was in ARA. Before I was assigned to ARA, the new Carter administration launched an initiative to improve relations with Cuba. The objective was to improve contacts with Cuba and encourage improved human rights by a series of small steps. Among the most visible was to open an interests section in Cuba and allow the Cubans to open a similar office in Washington. Although the U.S. and Cuba are close neighbors, there had been no diplomatic relations since January 1961, soon after Castro took power, nationalized major investments of the private sector, and turned to the Soviet Union for large-scale military and economic assistance. Interests sections, which consist of a small number of diplomatic officers who act as part of a friendly embassy, not under their own flag, are a big first step toward diplomatic relations. When, as in the Cuban case, both nations actually staff the buildings that were previously their embassies with a substantial number of people, the difference between interest sections and embassies becomes mainly a matter of protocol. The heads of the interest sections are not ambassadors and thus rank below all ambassadors.

Q: How do you explain this extraordinary sensitivity to Cuba throughout history, going back to the administration of President Jefferson? I can understand that during the period before the Civil War, Cuba became tangled up with North-South issues in the United States. However, Cuba seems always to have been our soft underbelly. Why was this the case?

BUSHNELL: If you think of the original 13 states along the Atlantic Ocean, Cuba was considered by many Americans to be the 14th state.

Q: That was the perception?

BUSHNELL: Geographically, yes. Inevitably, in the 20th century, with the Spanish gone from the area, Cuba was, for many purposes, part of the United States. It was close, only 90 miles South of Florida. Moreover, the situation is unlike that of Mexico, where Mexico City is over 400 miles south of the nearest point in American territory. Havana is less than 200 miles from Miami. Northern Mexico is largely desert near the Mexican border. All of Cuba is geographically close to the U.S. and has therefore long been part of many things going on in the United States. Cubans adopted baseball as their national sport. Entertainers traveled regularly between the two countries. For many wealthy Americans in the 1930's through the 1950's Havana was the winter destination, not Miami. Most found Havana a more sophisticated and metropolitan city than Miami in that period. US companies dominated many areas of the Cuban economy.

Fidel Castro came along in 1959 and, in effect, drove the Cuban upper class into exile, largely in the United States. Nearly 10 percent of the Cuban population left for the U.S. over a period of years, including most of the wealthier and better educated. These Cubans, for the most part, went to Miami and made Miami largely a Cuban city. The perception is not wrong that there are two large Cuban cities: Havana and Miami. Not surprisingly, given their capabilities, the Cuban refugees have done well economically and professionally in the United States.

Q: Did you feel the impact of that huge, expatriate Cuban community while you were in ARA?

BUSHNELL: Absolutely. Perhaps I haven't had enough experience to make a generalization, but I think one could make a case that, after the Jewish lobby, the next most powerful lobby of foreign origin or interest is made up of the Cubans. The Cubans have made a lot of money, and beginning in the 1970's they became big contributors to political campaigns, both in Florida and nationally. Moreover, the Cuban community has focused its political interest on policies regarding Cuba. In many respects Cuban views are as diverse as any other group of Americans, but on Cuba, until recently anyway, there

has been great unity in being anti-Castro, even among the generation that has spend all, or almost all, their lives here. The Cubans consider that they were kicked out of Cuba by Castro.

Q: Especially since the “Bay of Pigs” [Playa de Giron] invasion of Cuba in 1961 by Cuban refugees, supported by the US Government.

BUSHNELL: The young Cubans who took part in the Bay of Pigs invasion have now spent much of their life in a democracy. They believe in human rights and democracy; they believe in the same things other Americans believe in.

Q: As well as in the principles of a competitive economy.

BUSHNELL: And in an open economy, yes. Many Cubans have benefitted and done very well in this economy. Most have become naturalized. They ARE Americans. They want to see an open democratic system in their homeland. They have suffered seeing what a mess Castro and his government have made of what they remember as a fairly rich country with great potential. Of course, many Cubans who came to the United States still have close family ties in Cuba. They realize that the living conditions of their family in Cuba have been going down almost as fast as their prosperity has been growing here. Moreover, the decline in Cuba has happened despite major transfers of money from families here. I'm not so sure about the attitude of the third generation of Cubans, those born to Cuban-Americans who have mainly lived in the United States, but the above comments certainly apply to the first and second generations. These people seem to continue thinking or hoping they can move back to Cuba someday. They may want to return to Cuba only for a time or for retirement, but not to Castro's Cuba. In the past couple of decades many other Latin Americans have migrated to the United States, and many have settled in Florida. But these migrants have not had the education and capital that the Cubans had. Thus the Cuban-Americans have in effect made policy on Cuba a big

domestic issue in this country. Also, if you look at the politics, Florida is a swing state in national elections.

Q: And they have a lot of votes.

BUSHNELL: Florida has the fourth largest number of electoral votes. The Cuban community has largely been naturalized and can and does vote. Thus the Cuban community has a strong influence on Cuban policy. Although the Cubans were mainly Democrats at first, many have become Republicans as they have found their free economy and pro-life views closer to the Republicans. There are Cuban-Americans in the Congress, and other members work hard for the support of their Cuban American constituents. For example, there are large numbers of Cubans living in New Jersey, and Senator Robert Torricelli [Democrat, New Jersey] is a strong proponent of anti-Castro policies. He normally has a number of Cuban-Americans on his Congressional staff.

This situation may be changing, to some extent. When I worked on Cuban affairs 20 years ago, the Cubans really dominated the Hispanic community. They were more articulate than other Hispanics, were richer, better organized, and also more civic minded. So the Cuban-Americans often tended to be the spokespersons for the Hispanic community. For example, an Hispanic leader from Texas would turn out to be a Cuban. The same would be true of the spokesperson for the Hispanic community in California. However, this situation has changed considerably over the past 20 years. Now there is much more friction among the various Hispanic communities. The Mexicans and Puerto Ricans now have their own spokespersons. They are interested in issues which have not been important to the Cubans such as conditions for agricultural laborers and bilingual education. However, Cubans continue to play a major role in the Hispanic community, especially in Florida.

Q: To a certain extent this changed during the Carter administration?

BUSHNELL: My impression was that the Carter Administration adopted its warming policy toward Castro without realizing what a strong adverse reaction it would generate in the Cuban community. Its lack of decisive influence in the early days of the Carter Administration made the Cuban-American community realize it needed a major presence in Washington. It hired lobbyists, and its leaders began coming to Washington with some regularity. In Florida it organized to have greater impact on foreign policy, meaning for it Cuban policy. By the time I came into ARA at the end of 1977 the Carter Administration was already working harder at improving relations with the Cuban-Americans than with Castro. There was little interest in additional warming even before the Cuba military role in Africa and the Mariel sea invasion of Cuban immigrants ended and reversed the warming process. The experience at the beginning of the Carter Administration showed the Cubans that groups such as the Council on Foreign Relations with a broad membership can be more important during the turmoil of a presidential transition than more narrow groups such as the Cuban American Foundation which might not have a seat at a key transition table.

Q: My impression is Cuban warming was one of the recommendations of the Trilateral Commission.

BUSHNELL: I think that this goes back to 1975 or 1976.

Q: Wasn't Sol Linowitz Ambassador to the OAS [Organization of American States] at this time?

BUSHNELL: No, Linowitz was Ambassador to the OAS in 1966-68 under President Johnson. Under Carter he was first one of the negotiators on the Panama Canal Treaty with Ambassador Bunker and then a Middle East negotiator. However, you are right to bring him up. Linowitz chaired a private group of Latin American experts which produced a report and recommendations on Latin American policy in 1976. Bob Pastor, who because the NSC Latin American deputy at age 29, was the staff director of the Linowitz

Commission on Latin American Relations. At the NSC he kept track of how many of the Linowitz Commission recommendation the Carter Administration implemented. That report recommended more contact with Cuba and reconsidering the nature of our relationship, and Cyrus Vance had picked up this recommendation in a memo he had sent Carter in October1976. The idea of the Linowitz Commission was to guide the policies of whatever new administration took over in 1977. There were a number of dissenting views in the Linowitz report including, as I recall, on the Cuban recommendations. I kept a copy of the report in my desk in ARA as I found it a reliable predictor of the positions that would be taken by Bob Pastor, Mark Schneider, and Dick Feinberthe key activist political appointees dealing with Latin America. One of the lessons the Cuban-Americans learned in 1977 was that it was important for the Cuban-American community to influence such private policy-oriented commissions. When I arrived in the Bureau of American Republic Affairs [ARA], the interests sections were open.

Q: I think that Terry Todman [Assistant Secretary of State for American Republic Affairs] was involved in these negotiations.

BUSHNELL: Yes. Todman was proud of having negotiated the opening of the interest sections. He wanted to make progress with the Cubans on other issues such as Cuba taking back Cuban criminals who were subject to deportation and dealing with airline hijackers who would force planes to Cuba and then escape prosecution by staying in Cuba. The Cubans were not very responsive on these so-called consular issues, perhaps because they wanted to see movement on our trade and financial sanctions. During my first weeks in ARA, Todman suggested I invite the head of the new Cuban Interests Section, Sanchez Parodi, to lunch on the 7th floor of State. Because Sanchez Parodi did not have the rank of ambassador, only officers below the Assistant Secretary level were supposed to deal with him. This rank question became an issue as Lyle Lane, who headed our interests section in Havana, had contacts with the Foreign Minister and even Castro himself. Eventually Sanchez Parodi was invited to the Secretary's and even the President's receptions for the diplomatic corps, but his business contacts were generally

with the Cuban country director and occasionally with me. Most of our negotiations with the Cubans were done by a DAS from Consular Affairs and a senior Legal Advisor. I believe Vaky or Bowdler called Sanchez in once or twice when we wanted to impress the Cubans with the seriousness of our position on something.

About February of 1978 I invited Sanchez Parodi to lunch on the 7th floor. I did not generally lunch upstairs, and at that time I had had lunch maybe once in the general dining area, since my time in Treasury. We arranged for Political Under Secretary Phil Habib to drop by the table and shake Sanchez' hand as a token response to the higher level treatment our representative was getting in Havana. There was considerable chatter around the dining room as the word passed on the identity of my guest, particularly when Phil came to greet him. Of course the Cuban missile crisis was foremost in the minds of most of the career officers there, and Cuba was seen as an enemy country. In fact I looked at Cuba as an enemy throughout my career, and I think it was the right perspective. I have no doubt Castro considered the U.S. an enemy, including during the first part of the Carter Administration.

I, of course, played the diplomat and tried to establish a good professional relationship with Sanchez. He said he was not clear on just how to go about his job and asked me to suggest a country which did a particularly good job of getting its views across in Washington. I could not resist telling him the Israel Embassy was probably the most effective. He apparently took my suggestion seriously and said he would examine how the Israeli Embassy works. Of course the basic difference is that the Cuban Interest Section had to compete with Cuban-Americans who were totally opposed to Castro while the Israelis had tremendous support from the American Jewish community. My attempt was to hint to Sanchez that he should try to make peace with the Cuban-Americans. I thought he might see that as a joke, but he did not appear to get it. I soon learned the Cuban-American community was a prime intelligence target of the Cuban Interest Section. Thus, I took seriously Sanchez' later pleas for increased security protection because of the threat from extremists in the Cuban-American community. We did increase security far beyond

what was provided to friendly embassies, and during my tour there were several nasty incidents.

My lukewarm efforts did not develop much of a relationship with Sanchez. He never invited me back for a meal at the Cuban Interest Section. Several times I was seated near him at diplomatic functions, and we engaged in friendly conversation. I believe the last time I saw him was in early 1981 when, as acting assistant secretary, I called him in to declare one of his senior deputies PNG [Persona Non Grata] for interference in our elections. My assessment was that he was basically an intelligence operative; his assessment of me was probably equally harsh.

Q: What do you recall of the Soviet brigade of troops in Cuba in 1978 or 1979?

BUSHNELL: When I arrived in ARA, there was disagreement on how to look at the Soviet combat troops in Cuba. The Soviets had a large intelligence operation near Cienfuegos, Cuba, and there were Soviet troops stationed in that area. The troops engaged in active maneuvers to maintain combat readiness. Most troops were rotated back to Russia as a unit each year. Some argued these troops were just there to protect the intelligence operation and its sensitive equipment. Or one could look at this Soviet unit as a brigade there to help to defend Cuba, presumably from the United States. Most of the discussion on this issue was before I arrived. When I was briefed, I said it was a false choice; the troops served both missions although it appeared to me the Russian forces did fewer joint exercises with the Cubans than I would have expected if they were planning a joint defensive action. I had DOD compare the frequency of joint Russian/Cuban exercises with the frequency of similar US/South Korean exercises. There was not a conclusive difference. I suggested the Russian brigade probably also had a third function as a trip-wire to involve the Soviets in Cuba's defense against an attack from the U.S. while deterring any US attack because there would be Soviet casualties. I don't recall any operational debate about the Russian brigade; attacking Cuba was the furthest thing from

the mind of the Carter Administration, which was dead against any military action in Latin America.

One of the first flaps I had involving Cuba was when Senator Stone {D. Florida), who was a key vote on the Panama Canal Treaty, wanted to end the alleged commitment made by President Kennedy not to invade Cuba. Stone had a neat political calculation. He wanted to support President Carter by voting for the Treaties even though there was a lot of opposition to them in Florida. More retired Panama Canal employees lived in Florida than in any other state, and they and other conservatives actively campaigned against ratification of the Treaties. Thus Stone wanted to offset the minus he would suffer in voting for the Treaties by delivering something to the Cuban-Americans that would assure him of more support from them. I was assigned by Bunker's Panama Treaty group to resolve this problem and get Stone's vote. The Kennedy commitments on Cuba were only in TOP SECRET documents. I had a hard time even getting access to the documents; no one then in ARA had ever reviewed them. I found the commitment on invading fairly ambiguous. However, Senator Stone was making the commitment public and unambiguous and urging we announce a new interpretation, not that we had ever had an old interpretation except that of Senator Stone, who I later found had never seen the documents.

We worked out an exchange of letters between Senator Stone and the Secretary of State which aimed at giving Senator Stone something he could argue opened the door to a possible invasion of Cuba sometime in the distant future. Drafting these letters was extremely hard. Both the Legal Advisor and the European Bureau insisted that we not in any way change whatever the Kennedy commitment was and that we be able to tell the key countries that there was no change. On the other hand Senator Stone wanted to run for reelection on getting a change in the policy. We eventually came up with a formula which seemed to work. It was a matter of playing with words in terms of what the

commitment on Cuba was. Of course, our big crisis involving Cuba was the later massive movement of Cubans from Mariel, Cuba, to the United States.

Q: Please tell us about that.

BUSHNELL: In April 1980 a rumor spread in Havana that the Peru Embassy was granting safe passage to Peru to people that came to that Embassy. A crowd of a thousand or so Cubans entered the Peruvian Embassy property in Havana before Castro's police acted to stop entry. Of course many Cubans were desperate to get away from the Castro police state. Peru had not decided to take a significant number of Cubans, but these Cubans stayed in the Peruvian Embassy property, most living in the grounds with no cover and inadequate sanitary conditions for some time. Others clamored to get into the grounds; a Cuban police officer was killed in one successful attempt by a large group to enter. Eventually there were more than 10,000 Cubans crowded in the Embassy grounds and buildings. It was an embarrassing high profile situation for Castro, who, of course, blamed the U.S. for starting the rumor and claimed few Cubans wanted to leave Cuba. Peru refused to take the people. Several South American and European countries tried to work out programs to take some. Many were allowed to go home. Some went to Costa Rica as a staging area, but Castro then stopped issuing exit visas. In Miami the Cuban community began saying this situation marked the end for Castro.

Then about the end of April a few family members arrived in Florida on small boats sent by their families to the port of Mariel. Castro then announced that Cuban exiles could come by small boat to Mariel, a port on the North coast of Cuba, and pick up their relatives to whom he would give exit permits. The prosperous Cuban community in Florida launched every boat they owned or could charter at any price and headed to Mariel. They were allowed to pick up relatives who managed to make their way to Mariel. The Cubans began arriving in Florida by the thousands. At first President Carter welcomed them. In early May he said they would be received with, “an open heart and open arms.” However, the sheer numbers began to overwhelm southern Florida. The Miami authorities pointed

out that housing vacancies were only one percent and there was no place for all these people to live. Various domestic agencies began setting up refugee camps at military bases including Elgin in northern Florida. Tourists abandoned Key West which was a mob scene. INS announced that boats bringing people without visas would be fined $100 per person, but little or no attempt was made to collect the fines. Republican candidates began pointing out that the U.S. had lost control of its borders.

Moreover, Castro wanted to create problems for the U.S. while solving problems in Cuba. He had many of the street crime and even murder prisoners in jails as well as some political prisoners and the patients in mental hospitals and asylums transported to Mariel. He forced the Cuban-Americans to take several of his problem cases for each relative he allowed them to take. As we realized Cubans were being landed up and down the Florida Keys as well as in Miami by the thousand, most were not relatives, and worse many were common criminals or insane, we began to see we were facing an invasion of a type never envisioned in our worst nightmare. Of course none of these Cuban newly arriving in the U.S. had visas; most had no documents, and there was no way to figure out who most really were. Mixed in were the mothers, fathers, aunts, and children of the Cuban exiles, but many of them also had no documents. There was a great effort to set up refugee processing centers and to try to catch the criminals and put them in jail. I was mainly involved in the issue of how to stop the invasion.

We arranged for the Coast Guard to intercept some boats when they reached territorial waters. But the best the Coast Guard could do was to escort some of the boats to a more orderly disembarkation in Miami instead of some bay in the Keys. The Coast Guard certainly could not sink boats full of people, and the volume was such that the Coast Guard could only escort a small fraction.

I remember sitting in that windowless conference room of the NSC [National Security Council] with Secretary of State Muskie, the Chief of Naval Operations, the director of CIA [Central Intelligence Agency], the head of the Coast Guard, and the Head of INS

and several other senior officials, debating how to stop this flow of Cubans. Brzezinski [National Security Advisor] chaired until President Carter came in toward the end of the meeting. There was a long discussion on how Coast Guard and Navy ships might physically stop the Cuban boats either from leaving the U.S. or returning. The Navy and the Coast Guard, represented at this meeting by Admirals, asked: “How can we do this?” It was suggested that these boats could be rammed or shot at. The Navy and Coast Guard said that it would be very difficult to stop these boats physically from leaving the U.S. or from returning without major lose of life among the boat crews and passengers.

I guess Secretary Muskie was something of a sailor. He certainly knew a lot more about boats than I did. He was suggesting ways of maneuvering boats to block passage, which struck me as sort of wild. It sounded to me as if he had in mind a picket line of Coast Guard and Navy boats going across the Straits of Florida to stop the movement of these small boats with refugees. This naval discussion went on for a long time but was inconclusive. I asked if we could not fine and detain any boat bringing Cubans into port so it at least could not make another trip. At that moment the Coast Guard was giving notice of intent to fine, but the fines were so small they were not much of a deterrent. Moreover, most boats avoided the Coast Guard and landed the Cubans somewhere in the Florida Keys where the wanted immigrants were picked up by family members and the others made their way north or turned themselves in to INS. There seemed to be legal authority for detention as the boats by definition had been used to gain illegal entry into the United States. The Chief of Naval operations had some interesting thoughts about how to disable the motors so the boats would not have to be under intensive guard. However, some 4000 boats were at that moment waiting in Mariel. Perhaps some would be deterred by fines and seizure from coming back loaded, but the volume presented tremendous problems for law enforcement. Already storms had destroyed several boats with substantial loss of life. Fines would have to be much larger to have any hope of success. Staffing was assigned on detaining and fining boats and/or crews and increasing fines, but the easy answer for most participants in the meeting was that we should get Castro to stop the operation. Our

assessment was that he might stop it soon because the large crowd gathering in Mariel were becoming almost as much an embarrassment as that in the Peru Embassy. I was assigned to work on options of how to send many of these people back.

Q: Presumably, these were people from...

BUSHNELL: Insane asylums or prisons. Since I saw that only a gigantic concession, such as weakening our trade ban, would induce Castro to take back these people he was just sending out, I tried to find some way to present Castro with a done deed, i.e. the worse criminals were back. But the only thing we could think of was that the undesirables might be loaded on a couple large old boats which would be sailed back to Cuba and sunk close to shore.

Q: Was this idea realistic?

BUSHNELL: Probably not. It is not the sort of think a country like the U.S. does. Moreover, it is not clear who would sail old boats loaded with Cuban criminals into Cuban territorial waters, let alone who would sink them. The idea got the consideration it deserved, little to none.

By mid-May over 50,000 refugees had already landed in the United States. About half were in camps where riots were breaking out, including one in Arkansas which had a big effect on the political career of its then Governor Clinton. Finally, the Administration announced large fines and the seizure of boats caught bringing in undocumented people. The Coast Guard redeployed its ships from all over to the Florida area to intensify efforts to arrest boats. President Carter called on Castro to take back the criminals and other undesirables. Castro called for all Cubans to march in front of the US Interest Section to protest US policies denying Cuba the right to trade and development and attacking the Castro government. I spent a nervous Saturday in the office with an open telephone line to our Interest Section as more than a million Cubans marched past attacking the U.S. with posters and yells. We had evacuated non-essential personnel in the previous few days.

But Castro provided adequate security, and little damage was done. I had been nervous because I thought Castro, although crazy like a fox, might try just about anything and the Cubans on both sides were prone to violence. During the first half of 1980 Cuba's mission to the UN had been bombed twice; one Cuban diplomat had been killed and bombs had been found in other Cuban diplomats' cars. We assumed this terrible violation of laws was the work of Cuban exiles, but only a couple were caught.

For a few days the inflow of Cubans continued, and hundreds of boats were detained. Some boats then came back from Mariel empty. Most priority family members had been collected or could not get to Mariel, which was a mob scene, and Castro agents were collecting large bribes from people without relatives in the U.S. for forcing boat operators to take them. Many boats were forced to take only those Castro's agents gave them and strangers who more or less forced themselves on board. Boats stopped going, and by early June the flow of refugees virtually stopped. In mid-June a Florida judge ordered that some boats be released because they were needed for the fishermen to make a living. Shortly most boats were released, and few fines were paid. The Coast Guard returned most of its boats to their normal duties. As I recall, the number of people who came to the U.S. in this Mariel boat lift, as it was called, totaled well over 100,000, and probably quite a few just melted into the Cuban community and were not counted. Toward the end of June the Congress appropriated $484 million to assist holding and settling the refugees and to compensate the communities that were impacted by the invasion. I used this appropriation as a key example of why foreign aid through the Caribbean Group was a good investment. It was much better to help our neighbors build a good economic future for themselves at home than to have a flood of desperate refugees, which would cost more money to settle.

In mid-June after the invasion had basically stopped, I and other State and INS officers were called to testify before the House Judiciary Subcommittee on Immigration. The members reflected the very mixed views in the country. Conservatives were concerned with loss of control of our borders but welcomed anti-Castro refugees. No one wanted the criminals, homosexuals, and insane, and everyone insisted we make Castro take

them back. I invited ideas on how we could make Castro do this. No one suggested either use of force or relaxing the restrictions on trade. As the invasion was basically over, the committee seemed to shift to safe ground, and various members of the Black Caucus attacked us for not giving Haitian boat people the same treatment as the Cubans. I pointed out that the Haitians got the same treatment as any Latin Americans except the Cubans and there was not a communist dictator in Haiti. INS seemed to argue the Haitians got the same treatment as the Cubans. I kept quiet and let them take the heat.

Over the next few years there was an effect of the Mariel exodus that neither Castro nor anyone else had expected. The hardened criminals among the boat people did not change their ways, and their criminal activities generate a crime wave in Florida. Although the Cuban-American community suffered the most from these criminals, this criminal activity turned non-Cuban public opinion in Florida strongly against Castro. Of course, many of these Cuban criminals were caught and sent to jail. Even when the jail term was short, these persons were then subject to deportation because they had been in the country illegally. INS would then detain them, pending their being sent back to Cuba or elsewhere. Castro would not take them, and no one else wanted them. Over the years Castro did agree to take some back. But a significant number of these people are still in jail here at considerable expense to the taxpayer over a long period of time. Also among the Mariel boat-people were quite a few Cuban intelligence agents; only a few have been caught, although many have probably returned to Cuba. However, the overwhelming majority of the Mariel immigrants were successfully absorbed, as had the much larger number of earlier immigrants.

Once the Cubans substantially increased the number of their troops in Africa and linked them directly to new shipments of equipment from Russia and the consular negotiations bogged down, our relations with Cuba stagnated or worsened. Castro began attacking President Carter as he had every President since Eisenhower. Castro's basic political strategy was to paint the U.S. as Cuba's big enemy responsible for everything that Cubans were complaining about. The two Interests Sections functioned mainly as listening posts. I

still had to spend a lot of time on Cuba because it was the subject of many Congressional letters, we prepared frequent press guidance, and several times I testified about Cuba. But activities on Cuba were pretty routine for the rest of the Carter Administration.

At the start of the Reagan Administration in 1981 there was a lot of focus on Cuba. The Republicans had criticized Carter for warming toward Cuba which, it was argued, was rewarded by the deployment of many more Cuban troops to Africa and the Mariel immigrant invasion, not to mention a major Cuban role in helping guerrillas in Central America. I don't recall anyone suggesting closing the Interest Sections. However, there were several White House comments critical of Castro.

Q: What was the nature of the Mexican Foreign Ministry and how did ARA deal with the Mexicans?

BUSHNELL: The Ministry of Foreign Affairs in Mexico had some very competent people, but it was what I would call a weak Ministry. By this I mean it did not coordinate the actions of the many other parts of the Mexican government that had foreign operations, many of which affected the United States. This weakness of the Mexican Foreign Ministry had a major impact on ARA because we dealt primarily with the Foreign Ministry and the Mexican Embassy in Washington which was essentially part of the Foreign Ministry. Meanwhile, most US agencies that had something to do with Mexico, and there are many tens of them from the Department of Agriculture and the Social Security Administration to the FBI and the Forest Service, dealt directly with their counterpart agencies in Mexico, usually without even keeping the State Department informed. The result was that we had many positive interfaces with the Mexicans and solved many problems for them and for us, but this good relationship did not have any impact on overall relationships as expressed between the foreign ministries. ARA had no way of bringing these positive programs together to present a positive picture of Mexican/US relations. In fact the Mexican Foreign Ministry often criticized our foreign policy. Mexico often opposed us in the OAS, the UN,

and other international organizations, but such opposition had no effect on the hundreds of positive programs we shared with Mexico.

When Pete Vaky took over ARA, he wanted to do something to bring the full range of interfaces with Mexico together. He had identified this problem over the years during his various assignments in Washington. He proposed setting up a Mexican coordinator in ARA and requiring every government agency to involve this coordinator in overseeing all their Mexican programs. Although everyone in State liked the concept, there was a State bureaucratic struggle because various bureaus wanted a piece of the action. For example, EB thought economic agencies such as Agriculture and Treasury should work through EB. Finally, Secretary Vance decided to appoint an Ambassador at Large and Coordinator for Mexican Affairs responsible directly to him. With some difficulty we worked out an arrangement such that the ARA Mexican desk would be the staff of this Ambassador and he/she would work closely with the ARA assistant secretary. Fortunately, Ted Briggs was the Mexican Country Director, and he managed to coopt the Mexican Coordinator under ARA's wing.

Ambassador Robert Krueger was appointed the special coordinator for Mexican affairs for the Secretary of State. He had been a Congressman from Texas. He was in charge for some years of a Mexican-American coordinating mechanism including several cabinet ministers from both countries which would meet a couple of times a year, with the delegation generally chaired by the Secretary of State. This arrangement substantially improved relations because it changed the focus of our relations from our conflicting policies in various international fora to the actually positive cooperation among our various agencies in solving problems affecting one or both countries.

I did little on Mexican affairs. The one major issue where I became involved was the purchase of Mexican natural gas by the United States. Our lead negotiators were Jules Katz, Assistant Secretary of EB in State, and Harry Bergold, a FSO who was serving as Assistant Secretary of Energy for International Affairs. Harry had served in our embassy in

Mexico at one time and spoke Spanish; he handled the Mexicans quite diplomatically. But Jules was quick to lose patience with the Mexican practice of dragging out negotiations and trying to make every little detail more favorable to them. I was told by the officers on the ARA Mexican desk that negotiations would deteriorate into a big spitting match between Jules Katz and the Mexicans.

The Mexicans wanted to set an outrageous price for their gas. We did not want to pay any more than what we had negotiated with the Canadians for their gas adjusted for transportation costs. The Mexicans wanted to charge, delivered at the Mexican border in Texas, the same price that the Canadians were charging at the Canadian border. The difference was that gas at the Texas border with Mexico was coming into an area of the U.S. which had lots of gas. The American market for this gas was far away, whereas Canadian gas was coming into the U.S. much closer to its natural market. However, the Mexicans politically couldn't agree to setting a lower price than the Canadians had set for essentially the same product. There were difficult negotiations on this matter. Several times I met with Jules to try to work out some imaginative proposal that would move the negotiations forward. I thought the Mexicans needed some face-saving proposal so they could claim they got the same price as the Canadians while in fact they would in one way or another pay for the greater transportation cost. However, Jules believed we had to explain the pricing clearly to the American people, which would of course destroy the face-saving. We then worked on setting the Mexican border price based on the price in Chicago or someplace where there was a big market. The transportation costs would then be subtracted before the Mexicans were paid. We really wanted the gas, and the Mexicans had no other market so I could not understand why an agreement could not be reached. Finally, Harry Bergold worked out a formula that was acceptable to both sides.

Q: My impression is that during this period of Mexican history, Lopez Portillo was elected President of Mexico in 1976. Also, there had been a very large oil fields discovered in the Mexican States of Tabasco and Chapas in 1976. So the Mexicans assumed that they were going to receive large revenues from their oil exports to the U.S. They launched a very

substantial expansion in their oil production facilities and borrowed a lot of money. They contracted $8.0 billion in foreign debt in practically no time at all. However, they did not get the oil income to service the debt, so this was a significant, economic issue. Is that an accurate summary of the situation?

BUSHNELL: I believe the Mexican economic problem was basically their exchange rate policy. In the year or so before a Presidential election the ruling PRI party would try to hold down domestic inflation by refusing to let the peso exchange rate depreciate much. At the same time they would increase government spending sharply for the public works that helped the dominate PRI win every election. Of course they had to borrow tremendous sums to support this policy, especially as many wealthy Mexicans knew that a great way to make money was to take it out of Mexico before the election at the overvalued exchange rate and bring it back after the new government was forced to devalue not too long after the election. These capital movements from Mexico could exceed 15 billion dollars, all of which the government and Central Bank would have to borrow.

The discovery and development of new oil fields made the rest of the world much more willing to lend to the Mexicans. However, there has long been great corruption in Mexico. One result of having the same political machine in power for 70 some years is that there is never a housecleaning. Oil did add to Mexican wealth, but mainly to the wealth of a relatively small group in or close to the government.

Q: Of course, the problem was exacerbated because, as I recall, President Lopez Portillo nationalized the banks and tried to impose strict controls on foreign exchange transactions.

BUSHNELL: That's exactly right. The Mexicans adopted exchange controls to stop the outflow of money. But like most everything else, the administration of the controls was corrupt, so those that were favored or that paid got their money out. Some foreign banks did not want to be a part of this game, and there were big foreign bank operations in

Mexico. Tensions resulted in the nationalization of all banks which the PRI believed to be a popular policy. PRI had gained great nationalistic political support for years because it had nationalized the oil industry in the 1930's. The nationalization of oil undoubtedly set Mexican development back a decade or more because Mexico did not have the capital or skills to expand the industry

Q: So that's the way the Mexicans dealt with these economic issues.

BUSHNELL: I don't recall the details. I was busy trying to improve the management of the Bureau of American Republic Affairs [ARA] and working on The Caribbean Development Group, Central America, and the various crises. I didn't have a lot of time to even follow the Mexican economic situation. It did not seem to be on anyone's agenda. I raised it once with Treasury, but the senior people in Treasury did not even seem to remember that there was a Treasury Attach# in the Embassy in Mexico City. When I worked at Treasury, I had set up that office in the Embassy in Mexico City so that Treasury could follow the Mexican situation in detail.

Q: Of course, there were also the factors of illegal immigration and the movement of narcotics across the Mexican-American border. Did you get into that at all or did you have any impact on that kind of traffic? Did you try to tighten up the border controls?

BUSHNELL: Congress set up a high level commission to study the entire immigration question. It held hearings and mandated studies. ARA was only an observer. There were lots of issues, but the central question was how to stop illegal migration, much of which was across the Mexican border. I was very interested, and still am, in that issue. I spent considerable time discussing it with the members of the Commission. My feeling was that some members' concept that you can physically stop the flow of illegal immigrants into this country is not realistic as long as they are attracted by our high wages and pushed by low wages and high unemployment in their native countries.

Q: Perhaps it was as realistic as that electronic wall in Vietnam that the Department of Defense was going to build.

BUSHNELL: Or arranging the Coast Guard boats in the Florida Straits so that no boat can cross between Cuba and the United States. Despite the difficulties, people are willing to pay large sums and risk their lives to cross the border into the United States. I argued the only effective way to cut back sharply on illegal immigration was to deny the immigrants jobs in the United States. No penalties could stop the flow of immigrants. But, if they couldn't get jobs in the United States, they wouldn't come across the border. Thus it's a problem of enforcing the immigration laws and labor regulations, since it was already illegal for undocumented immigrants to work. The problem was INS had few officers trying to find working illegals, and, when they did find them, the maximum penalty was deportation. They would cross the border illegally again and often be back working for the same employer within a month. A law could be passed to increase the sanctions on immigrants, but I did not think even a few months of jail would be effective in slowing illegal migration substantially.

I was convinced the only way to slow immigration was to place substantial penalties on the people that hire the illegal migrants. Most of the Immigration Commission agreed with me. However, they spent a lot of time on the issue of a national identity card as a way to help employers avoid hiring illegals. I have never understood why so many people are so opposed to a national identity document. People seem to have no problem with having a passport which identifies them for foreign travel. I don't recall ever hearing of a single case where someone refused to get a passport because it is an identity document. If all Americans of working age had an identity document, it would be easy to prosecute any employer who hired a worker without such a document, or a comparable document issued to legal immigrants entitled to work. However, the Commission was not prepared to recommend a national identity document. I argued that employers generally knew which of their employees were illegal although illegals usually bought a social security number

and often managed to get a driver's license. There was a big and fairly cheap market for all sorts of forged documents including fake birth certificates. However, employers knew if a new employee had real references from a previous job or school in this country; large employers had personnel officers who spoke the common immigrant languages and could question the potential new employee; in fact interviewing potential employees to check for such things as skills and honesty is routine. The problem was that it was illegal for the migrant to take the job but not illegal for the employer to hire him/her. The Commission eventually recommended a law that would make hiring of illegal migrants a crime with rapidly increasing fines and even potential jail for repeat offenders.

I thought the Immigration Commission's work would substantially reduced illegal migration. But in fact INS never really enforced the new law. There was considerable political pressure against prosecuting employers for hiring illegals. Employers claimed they checked for a social security number and other documents and were given such documents. Some judges were not prepared to hand out the punishment in the law. INS claimed it did not have the resources to go after the employers. We could have a lot less enforcement people at the border if we enforced the law against hiring illegal migrants. The new law was not passed until after I departed ARA; I only learned of the failure of this approach in the following years.

More immediate migration problems were often a concern of ARA. Somebody would shoot an illegal Mexican crossing his land near the border, and the Mexicans Embassy would react to that. The Mexican Ambassador or somebody from the Mexican Embassy would come to the State Department almost every week to complain about some action taken to deal with illegal Mexican immigration or with consular protection for Mexicans accused of crimes. The Mexican desk would deal with these issues, and the Mexican Office Director would mention them in ARA meetings. When we set up the cabinet-level Mexican/American Commission, the Mexicans gave these issues priority on the agenda.

Q: Did you travel to Mexico?

BUSHNELL: I went to Mexico twice while I was assigned to ARA. My central concern on both visits was the situation in Central America. We tried to coordinate our efforts toward peace and improved human rights in Central America with the Mexicans or at least explain carefully to them why we were doing what we were doing. Most of the time we were at cross purposes, and it was not possible to get Mexican support for our policies. However, we had an opportunity to discuss them. Once I met with officials of the government and the political parties; the other visit was to participate in a foreign policy seminar organized by the Mexican Congress.

I might record something that explains a lot about Mexico but even more about US foreign policy worldwide. Early in the Reagan administration, it was decided to send General Vernon Walters to Mexico to explain the new Administrations's Central American policy and seek Mexican support. I assumed Secretary Haig picked Walters for this mission. As acting ARA assistant secretary I met with Walters to brief him before his trip. When he came back, he came in to see me after he had debriefed Haig, and his story really opened by eyes. He had spent a long evening, largely alone, with Mexican President Jose Lopez Portillo, who I had long considered one of the brightest and most level-headed Mexican politicians. They had relaxed by telling war stories and developed a good relationship. Walters had then explained Reagan's determination to halt and even turn back the expansion of Russian communism. Lopez said he was glad the U.S. was finally waking up but it was too late. He said the Mexican government believed the U.S. would be overcome by Russian led communism sooner or later and that was why Mexico had to maintain a fully independent foreign policy and keep its distance from the United States, so it could eventually strike its own deal with the Russians. Walters challenged Lopez' conclusion. Lopez argued that communist gains in Angola and east Africa, in Afghanistan and Nicaragua showed that communism had the momentum. Moreover, Lopez argued the authoritarian Russian system, although not to be preferred in an ideal world, gave them a big advantage in maintaining the discipline and forced sacrifice for world domination. The United States, he said, was consumer dominated and would not

make the sacrifices necessary to stop the advance of Russian communism as had already been illustrated in recent years. He referred to our embarrassment in Iran and the fact that Cuba, despite its small size and weak economy, could play almost as big a role both in this hemisphere and in Africa as the United States. Both Walters and I were shocked at what Lopez presented as considered positions of the best minds in the Mexican government. For the first time I fully realized how our well-meaning Latin policies which leaned against the right on human rights grounds and offered some small movement toward Cuba could be misinterpreted around the world, especially in light of other signs of US weakness. Of course Lopez headed a largely authoritarian government which a single party had controlled for almost as long as the communists had ruled Russia, so in part he was speaking of the advantages of the Mexican system. Lopez told Walters Mexico would watch carefully what Reagan did in the worldwide struggle against the Russians. He also said Mexico would be neutral in Central America while trying to increase its own influence without taking sides between the U.S. and Russia. History proved the Mexicans completely wrong, and after a few years they tied their wagon to the rising US star. This Mexican view showed me Reagan and Haig were right that the U.S. had to show strength against any communist threat to regain momentum for democracy in the world.

Q: You were involved in the Jonestown tragedy. How did that situation in Guyana evolve?

BUSHNELL: If a settlement of Americans in a frontier area of Guyana had been mentioned to me in early 1978, I had not paid attention. In the middle of the year at a meeting of a Caribbean Development committee a couple of officials, I think from Barbados and Trinidad, who happened to be seated next to me at a lunch, asked about a settlement of Americans in Guyana which had close links to the Cubans and Soviets. I knew nothing about it, but, when I got back to Washington, I asked and the desk gave me a briefing on the consular problems in Guyana concerning a group of unhappy Californians who had obtained land from the government of Guyana for a largely self-sufficient frontier settlement commune. About that time Dick McCoy, who had served in Costa Rica with us and had been a consular officer in Georgetown, asked to see me. I recall his interest was

a job in ARA, but I took advantage of the meeting to get a good brief on Jonestown as the Americans' settlement was called after the head of the cult, Reverend James Jones.

Dick had visited the settlement several times. His focus was consular problems. The Rev. Jim Jones had led a group mainly from his California church, the People's Temple of Disciples of Christ, to Guyana and set up a settlement in a remote jungle area near the Venezuela border which was accessible mainly by small boat. Most of the migration was in 1977. Jones claimed to have been persecuted in California, apparently by local law enforcement; Dick did not know what the nature of these claims were. However, a number of parents had taken children to Jonestown although the other parent had, or obtained, legal custody. Parents or other relatives of young people in the Jonestown community were also very concerned about the well-being of their children, who they claimed had been brainwashed by Jones' cult . Dick had talked with quite a few of these children and young people. In a couple of cases he had taken the young person out in the fields where no one could hear and explained that the person could go with him and the Embassy would buy a ticket and safely put the person on a flight home. None accepted these offers. Some had complaints about the food or other aspects of the living conditions, but most seemed generally happy Dick said.

The settlement was run as a commune, and all members had duties or jobs. Dick said he was particularly impressed by an old man in his seventies who was building chairs. Dick noted that the man was receiving social security and asked why he was working. The man said: “In California nobody cared about me; I was just left to die; here I am making a contribution. See all the chairs here; I have made them all. I feel useful and wanted.”
I asked Dick about the Cuban/Soviet connection. He was surprised; he said he had never seen any Cubans or Russians there, at least not that he identified as such. Then he recalled he had heard some leaders of Jonestown would visit the Cuban Embassy when they came to Georgetown although Dick could not convince them to come to the Embassy and register as resident Americans. Dick explained that the State Department and the Embassy received a couple of letters, or more, each week concerning members

of the commune. Some letters demanded that the Embassy rescue the loved ones; some attacked the Embassy for stealing the American citizens. The Embassy also had to answer numerous Congressional enquires on behalf of family of Jonestown residents. Dick wrote to many families to indicate he had visited their loved one and the person was fine. At one of the regular weekly meetings Vaky and I had with the CIA chief for Latin America, I asked about the Jonestown/Cuban/Soviet connection. He said it was the first he had heard but he would look into it. I never heard anything on this from him.

In October Mike Finley, the DAS for the Caribbean, told me Congressman Ryan was going to lead a delegation to Guyana to visit Jonestown during the November Congressional break. He said there were a dozen or more important constituents of Ryan who wanted him to bring their family members home. I said: “Wait a minute. A Congressperson can not just march in and kidnap Americans in a foreign country.” I told Mike how McCoy had offered to take people out of the commune without success. I asked him to check with Consular Affairs and our lawyers and see what limitations we had to warn Ryan and his staff about. Mike reported back that he had reviewed all the problems with the Congressional staff but the Congressman was determined to go and was even taking members of the press and family members of commune residents with him. Mike had heard that the commune had fired guns at some press and family that had tried to visit.

Following considerable back and forth with the Hill, I met with Congressman Ryan and his staff in my office. After he indicated he was trying to serve the interests of his constituents who thought this Guyana commune was stealing their family members and brainwashing them, I pointed out that no US official had any authority in Guyana. Moreover, there was not even a police station anywhere near remote Jonestown. There were as many as a thousand residents of the commune, and we knew they were armed. Any official visit there was dangerous. The commune seemed to have an abundant dislike for press, and taking press, especially camera-persons, with him would increase the risk. I urged him to reconsider the trip and offered to have Embassy officers talk with whatever list of commune residents he provided and make any particular points he and the families

wanted. I hoped this offer would give him enough to show his constituents that he would cancel. However, he said he was determined to go and he thought I was exaggerating the risk. He asked if an Embassy officer would accompany them. I said that would be up to our Ambassador and the availability of a volunteer; I would not forbid it nor order it. I only learned after this frustrating meeting that Ryan's upcoming visit was already getting daily press play in the San Francisco area.

There were lots of other things going on in ARA in November as the Nicaraguan mediation was coming to the decision point, and I paid no attention to the Ryan trip after my meeting with him. On the Saturday before Thanksgiving my family was at a neighbor's for the afternoon and dinner. We had not been there long when the Operations Center called me. Our Embassy in Guyana had passed on an unconfirmed report that the Ryan party had been attacked at the small grass airstrip near Jonestown and there were casualties. The ops center could not establish phone contact with the Embassy which was closed for the weekend. I told the ops center how to get home numbers for Embassy personnel and told the duty officer to call me back when he had more information. We had not yet begun dinner when the ops center called to say the Guyanese government was telling the Embassy that Congressman Ryan, the Embassy DCM, and others had been killed. The ops center was establishing an open telephone line to the Embassy, which was mobilizing its staff. I said I would come to the ops center immediately.

Q: Why were you called by the ops center instead of Assistant Secretary Vaky?

BUSHNELL: I don't recall. Either Vaky was traveling on business or he had family activities that weekend and asked me to take the duty. It was a chore to keep the ops center informed of one's whereabouts all weekend and to take the calls at all hours of the night. Thus with all three assistant secretaries with whom I served we alternated the duty, although they had it more than I did.

Q: What did you focus on when you got to the ops center?

BUSHNELL: Those few days are a bit of a blur. At first we were most concerned with rescuing any of the Congressman's party who were alive and getting treatment for wounded. At least one of the pilots of the CODEL's small rented planes was able to make radio contact with the authorities and call for help for the wounded, some of whom were evacuated on the CODEL aircraft. The Guyanese quickly sent other small planes to the isolated air strip where the attack had occurred to pick up wounded and survivors. The Embassy arranged for emergency care, and I worked with the Military Command Center to evacuate the wounded to Puerto Rica, because it had the closest US-style hospital, and the United States. A C-141 Air Force plane was on the way with medical personnel and equipment even before we knew how many wounded there were and the nature of the injuries.

My second concern was to capture those responsible before there were more murders. The Guyanese authorities told the Embassy they did not have the airlift to move a substantial force to the area quickly. They had managed a quick in-and-out operation to complete the evacuation of the visiting party without meeting any resistance. But the CODEL reported it was attacked by a substantial force. The Embassy believed there were about 1000 Americans in the commune and most of the adults might be armed. I wanted to get American military or law enforcement officers on the ground to protect the innocents in the commune and to help the Guyanese capture the murders. Helicopters were needed as the grass strip near Jonestown could not accommodate military planes. It took a couple of days to get helicopters and US personnel into the area. In the meantime the Guyanese overflew Jonestown and reported there was no sign of life there. Thus we assumed most of the commune members, including the many children, had fled into the jungle, and we began preparing to look for them and to talk them out of hiding places. The weekend was spent on these issues.

Debriefing the survivors gave us a picture of what had happened. The party was treated reasonably and even invited to spend the night, although Jones objected to any picture

taking. The commune members provided evening entertainment. About a dozen commune members indicated a desire to leave with the party including children of a couple of private citizens in the CODEL. Saturday around noon the CODEL and this group that wanted to leave walked to the airstrip and were preparing to board the two small private air-taxi planes that had come for them when they were ambushed by a couple of dozen men with rifles and shotguns. The crew of one plane was able to radio for help and, according to some reports, to takeoff. The attackers, some of whom were recognized as commune members, appeared to have concentrated on hitting Congressman Ryan and members of the press. The commune did not send people to help the wounded although there were doctors in the commune. Fortunately the attackers did not return to finish the attack. We learned later that Jones was disappointed when the ambush party returned and reported that some members of the CODEL group had not been killed. According to eyewitness reports and an audio tape found later, Jones then called for implementation of the suicide pact. Some people can be heard arguing that the commune should move to Russia as Jones had promised instead of committing suicide. But Jones said there was not time to do that and called for the entire commune to be martyrs to socialism. Most drank the Kool-Aid, but some apparently injected a poison. A number, including Jones and other leaders, had gun shot wounds; it was never clear, at least to me, who inflicted these bullet wounds and whether or not some of the people including Jones may already have been dead. Some adult bodies with gunshot wounds were found in outlying areas around the main camp.

In addition to Congressman Ryan four members of the party were killea NBC reporter, a NBC cameraman, a San Francisco Examiner reporter, and one defecting commune woman. At least nine were wounded including Richard Dwyer, a FSO who was DCM in Georgetown. Once the wounded were evacuated and the Guyanese authorities had established positions to prevent the murders from escaping, we began to worry primarily about the innocent commune members. During Sunday and Monday members of the group I had pulled together in the operations center, including several volunteers from

the Consular Bureau, talked with family members and some people who had lived in the commune during the previous year. Several reported that Jones had had the commune practice suicide by drinking Kool-Aid spiked with cyanide; they also suggested there was heavy drug use in the commune. By Sunday evening there were press reports from Guyana that there were 300 dead in the commune, but we could not find any reliable source for this information. One Guyanese police officer apparently had reached the edge of the commune and seen many bodies, but there was no count. Members of the cult in California told my Task Force they had not been able to establish radio contact with Jonestown for a few days; such lack of contact was very unusual.

On Monday morning before I went down to do the noon press briefing CICNSOUTH called in a report from a Guyanese police party in Jonestown that there were 405 dead in the commune. I used that figure in the noon briefing, indicating that it was preliminary as American military officers were just arriving in Guyana. Even with this number of dead there appeared to be some 500 or more Americans missing and presumably now in the jungle for a couple of days. The Guyanese had arrested a couple of dozen people making their way toward main roads from the camp, some with weapons. The Embassy identified a few additional commune members, but these had either been away from the commune in Georgetown or with the CODEL party departing the commune. Over the following couple of days we intensified the search for survivors using the US helicopters and US military now operational in Guyana as well as Guyanese military and police. The helicopters were flown in dangerous rain and wind storms because we believed a substantial number of Americans were by then in difficulties in the jungle. We found only a couple of people and no children.

On Wednesday morning I talked through a poor radio connection with the head of a US military mortuary team that was just arriving in Jonestown to recover the bodies. He reported there were considerably more than 400 bodies, at least 550, but they were just organizing a count. I repeated this report early in the noon press briefing as one reason we were not finding survivors. About 20 minutes later a member of my Task Force brought

me an update from the team on the ground stating that the preliminary count was now 708, as children were found under the bodies of adults. I was embarrassed to be changing the body count so much within the hour span of the noon briefing. I tried to explain I could only report what people on the ground in difficult conditions were reporting to the Task Force at State. Within another couple of hours the count was up to 775, and over the next couple of days the count expanded to some 910 as additional bodies were found in buildings and away from the main central area where the mass Kool-Aid suicide had occurred.

By Wednesday the Task Force phones were ringing off the hook with calls from commune family members and friends. The Task Force phone numbers had been published. I recruited additional personnel from ARA and the Consular Bureau, and set up shifts so that everyone got either Thanksgiving lunch or dinner free. The military needed help for the process of identifying bodies so the calls were welcomed from those who might be able to provide identification information or obtain dental or other health records. Fortunately the ops center was able to provide many additional linked phones lines immediately. By Thursday, as I recall, the main work of the Task Force was the family phone calls as the military by then had sufficient resources on the ground in Guyana. At the peak we had about 225 US military in Guyana, including the 50 man mortuary team but not counting any air crews that might be there. The Justice Department finally recognized that killing a Congressmen was a US crime even though the event occurred outside the United States. By Thanksgiving some FBI agents were arriving in Georgetown, although, despite my request, none were assigned to the Task Force in Washington. I was able to go home for a late but uninterrupted Thanksgiving dinner.

By the weekend the bodies were all in Delaware, and most of our military had returned to Panama or the United States. The Guyanese charged several men with murder, including an ex-Marine member of the commune who slit the throats of his girl friend and her young children and a couple of leaders of the assault at the airstrip who had not committed

suicide with the commune. The Task Force became a consular operation, and I largely returned to my other duties.

Various pieces of information surfaced during this tragedy demonstrating the cult's close connections to the Cubans and Soviets. A few men carrying a large truck filled with cash and US government checks were intercepted by the Guyanese authorities. The men said Jones told them to take it to the Embassy, implying the American Embassy. But there was a letter in the trunk addressed to the Soviet Embassy indicating the funds were for future cult expenses. Family members and survivors indicated Jones was making plans to move the commune to Russia. Russian language training had been made mandatory for some cult members. Documents found in the commune indicated that on some occasions the Cuban Embassy had intervened with the Guyanese government on behalf of the commune. Two Guyanese lawyers who were picked up in the jungle near Jonestown and claimed to represent the cult had close ties to the Cuban Embassy.

Several aspects of the cult's involvement in politics in Guyana and in the U.S. were exposed by the press which devoted a great deal of coverage to this terrible incident. In Guyana the opposition took advantage of every opportunity to point out the cult's close ties with cabinet members of the ruling People's National Congress Party. The press also made an issue of the fact that about 800 members of the cult had migrated to Guyana in 1977, far more than had been authorized by the government. In the course of protecting itself the Guyanese government pointed out that Jones and his group had been recommended by many senior people in the U.S. including Rosalyn Carter and Vice President Mondale.

Naturally the US press jumped on such information. Where copies of letters were found in official files, they were bland and general, but such letters were written on behalf of Jones and the communfortunately none involved the State Department.

Probably the biggest issue I had to handle was what to do with the bodies. By the fourth day when we had quite a few military on the ground and began to understand the situation, I discussed handling the bodies with our military and the Guyanese government first thing in the morning. Remember Guyana is almost on the equator and damp; the bodies were decaying fast. The US military officers whom we had finally gotten on the ground in Guyana, apparently in consultation with the Guyanese military, proposed burial in a mass grave and then constructing a suitable monument there in the jungle. The military were looking into contracting bulldozers and other equipment. Immediate burial in Guyana seemed to me quite an acceptable proposal and the only option that seemed practical. Some consular members of the Task Force pointed out that a number of family members in the U.S. would be unhappy with burial in Guyana, particularly if they were not sure whether their relatives were among the deceased. Few bodies had been identified; in fact we had no practical way of identification in Guyana, although I had asked the military to search for any records of the community that indicated who was there. I also talked with a member of the Guyanese cabinet who seemed to approve of this plan, but he asked me to wait a couple of hours because he wanted to raise it in a cabinet meeting which was about to start.

Since I had a couple of hours, I asked the military reps and the consular officers on the Task Force what would be involved if the Guyana government wanted the bodies removed and what emergency resources we could deploy to Guyana to identify bodies before burial. The military quickly replied that there was a military facility in Delaware which had advanced techniques for identification in which dental records and other sophisticated means could be used. This facility could handle over a 1000 bodies although identification might take weeks in some cases; it had handled the bodies from the 1977 crash of two jumbo jets in the Canary Islands. Body bags were available, and airlift could be arranged although it was far from clear how bodies would be moved from Jonestown to an airfield that could handle large US planes. After talking with the commander of the Delaware facility, the military assured me that neither he nor anyone else in the military had the

capability of deploying to Guyana to make identifications. The consular officers could find no such resources which could be deployed by the Red Cross or anyone else. But they reported many family members were now asking how they could claim the bodies of their loved ones.

About mid-morning I received a telephone call from a Guyanese minister, the foreign minister I believe, who said the cabinet had debated the burial issue at length. The Guyanese view was that the last thing Guyana wanted was a memorial in its jungle attracting lots of foreigners coming to mourn a situation which had little to do with Guyana. The cabinet strongly urged that the U.S. arrange to take the bodies home to the relatives. Guyana would cooperate in any way within its limited capabilities with such an effort. I said such a removal operation presented lots of difficulties but I would see if we could do it quick enough to deal with the situation on the ground. I asked the minister to have his people work with ours on the problem of transportation between Jonestown and a major airstrip.

I discussed the Guyanese position with the Task Force. The biggest issue was who was going to pay for what would be a major and expensive airlift and then identification effort. I suggested, as was my wont on military things, that we make this a training exercise because it was not often that the people who might have to do this sort of thing with a large number of bodies in a wartime situation would have an opportunity to practice in peacetime on Americans. Training exercises, of course, are funded out of the military training budget. However, if the military did this operation as assistance to another country or to a US group, including to another department of the government, the military would have to be paid for its costs, including even the cost of its personnel already on duty. The cost of sending down body bags, loading them on planes, bringing them to the facility in Delaware, and identifying and sending them to relatives would be many millions. The military reps on the Task Force put me on the phone to the commander of the Military Command Center, who was already advanced in drafting the tasking for the operation should it be ordered; he thought it could be done and liked my training exercise idea. He

passed the call to financial people in DOD who did not like the training idea. Finally, since we had to take action, I told the military to go ahead and we would sort out the financing issue later.

Earlier that day Assistant Secretary Vaky had talked to Secretary Vance about the Jonestown bodies. Vaky told me the Secretary had said to do what the Guyanese wanted. Thus I felt I was within State Department guidance in ordering this major operation even if funding issues were uncertain as they had been for the other military expenditures on Jonestown. Subsequently the financing became a major issue because the military didn't do any of the Guyanese operation, or at least very little of it, as a training exercise. The military wanted to collect a large amount of money, something like 10 or 12 million dollars. This financing issue was debated for a couple of years. We actually recovered quite a significant amount, some millions of dollars, in trunks which some Jonestown leaders were carrying when they tried to leave the area. Many people in the Jonestown community received Social Security checks and California welfare payments and various other income, all of which was turned over to the leadership. There was another debate as to whether that money belonged to Guyana, to the families, or whether it could be used to cover these military costs. Eventually some of it went to the military. We also heard that Jones and the commune had millions of dollars in Swiss and Panama bank accounts. Such accounts with several million dollars were blocked, and these funds too were used for expenses of the Guyanese, US military, wounded CODEL members, and commune survivors. However, most of the US military costs were taken out of an AID contingency fund after much debate and testimony in the Congress. I was not directly involved in these financial debates. At times some of my colleagues in OMB and AID, who were involved, kidded me, saying I should pay these costs since I had agreed to undertake them.

The Guyanese affair was a unique situation for the State Department because it was essentially a US domestic situation which happened to find a foreign locale but had little to do with the local authorities. The Guyanese authorities rather intentionally, I think, had little to do with Jonestown. Jones and his group were given this substantial remote jungle area,

which was not being used, to build their community. The agreement was that Jonestown would not put a strain on Guyanese facilities. Jonestown would not ask for schools, police protection, electricity, roads, or other social services; all these things Jonestown would take care of itself; and for a fairly modest periodic payment the Guyanese would let them do their thing. There were suspicions about some corrupt payments by Jones to some people in the Guyanese government. As far as I know, such payments were never proven, or even investigated. Jones violated the agreement with the Guyanese by bringing in far more commune members than had been indicated in the agreement. Records were also found indicating that Jones and other Jonestown leaders tried to intervene in Guyanese politics even offering to have all the commune members vote for the government party in an election, although as foreigners they had no right to vote.

Q: Explain who was on this task force, who appointed it, whom they reported tthe mandate?

BUSHNELL: When there is an emergency or crisis which requires pulling together a lot of different inputs from throughout the State Department and the rest of the government or requires unusual communications and round the clock staffing, the State Department Executive Secretary, who controls the regular work of the operations center, after talking with the Secretary and the Deputy Secretary, decides to set up a task force. The Executive Secretary then asks the bureau which seems most involved, usually the geographic bureau responsible, to appoint somebody as the head of the task force. Other parts of the department and of the government are then asked to support this task force; many bureaus and other agencies have established procedures to detail people to such task forces. Fortunately the Operations Center at the State Department is physically set-up for such task forces. There are rooms with a large table and many phone lines in a secure area. The cable room is nearby. There are military and CIA officers assigned to the Operations Center who can work on task forces at least until other specialized officers from these agencies arrive. These officers know how to contact command centers and watch rooms throughout the government. These positions are manned around the clock.

There was even a back room with a cot where the head of the task force could sleep. I spent only one night there, and there was not much time for sleeping; I strongly preferred to go home, even if only for a few hours interrupted by phone calls.

I headed or served on task forces in the operations center several times, and it really does assist in a crisis to have the communications support and a group with varied skills and contacts around the table that can be consulted immediately to get answers from almost anywhere in the government quickly. Officers in the Operations Center have a great deal of expertise and contacts in communication and are able to get through by phone when the desk officer can be dialing all day without getting through. A task force also generates a better reception, let's say, from other agencies around the government. When a task force is set up, CIA wants be on it; the Military Command Center wants close contact. Setting up a task force shows the Secretary of State thinks there is an emergency, and other agencies respond to this signal. A task force also gets the members away from their desks, their phones, and their routine work so they can concentrate on the emergency.

I don't want to give the impression an Ops Center Task Force makes handling a crisis easy. When we had a Congressman and other officers and citizens wounded or dead on a small remote airstrip in Guyana and were trying to get US resources on the ground in Jonestown, the task was not easy by any means. I talked many times to the generals who were in charge of the Military Command Center. Quickly the military assigned prime responsibility to CINCSOUTH in Panama while keeping the Washington Command Center in the loop to address issues the CINC could not handle. I then was able to get the State Department representative at CINCSOUTH on an open telephone line and work with him and the CINC to find and send resources from Panama. Lots of the problems that arose were technical. For example, the military couldn't fly helicopters from Panama to Guyana over the sea because the distance was too long. The CINC suggested dismantling the helicopters and putting them in planes, obviously requiring quite a few additional hours or days before we would have operational helicopters reaching Jonestown. I suggested staging them with refuelings in Trinidad and Venezuela. The CINC planners immediately

checked the route and availability of the proper fuel. I agreed to get the needed clearances from those countries. Within a minute an ARA officer and a military officer assigned to the Task Force were working the phones to these countries.

Q: Did you end up with a written report or otherwise conclusions and recommendations?

BUSHNELL: I don't remember any final report with conclusions and recommendations. One of the jobs of the Task Force was to prepare frequent situation reports to keep the State Department principals and the President informed on the emergency situation. When there was a lot of activity, we did three sitreps a day. There was a situation report to be ready by 5:30AM or so to go in the Secretary's morning brief and perhaps to go to the White House, then another one by noontime, and one toward the end of the usual work day. I always assigned an officer on each shift to do the sitreps, which were edited by the Ops Center Duty Officer. Other agency personnel would send the sitreps to their agencies. I would have them cabled to the interested embassies or all of ARA. Of course, there was press guidance that had to be prepared each day. However, there was no wrap-up report other than comments in a final sitrep as the Task Force closed down and everyone went back to normal duties.

Another procedure was established and refined later, partly as a result of my recommendation to the head of the Ops Center after the Guyanese and then the Nicaraguan task forces. Everybody on the Task Force was so busy that record keeping beyond the sitreps was ignored. I recommended and adopted as an ARA procedure, subsequently adopted by the Operations Center as a regular task force procedure, that an officer, generally a junior officer, be assigned the duty of keeping a timed log, noting down what was being done as best he could, what was coming in over the phone lines and in cables, what decisions were being made, what tasks assigned. This written log with the time of each event or action records a good picture of the task force's operation provided the head of the Task force and other officers keep the log-keeper informed. I served on

a task force having to do with Trinidad in 1991, and this log-keeping procedure had been established as a useful regular operating procedure.

The other element on which I tried to get guidance established, largely without success, was the whole question of funding. Many task forces are likely to face funding needs, and it would be useful to have an established procedure to handle funding questions from the military, private contractors, or others. I even talked with my friends at OMB about this. They were receptive to the problem, but their view was that the State Department should make a proposal. I don't think anything was ever done on it.

Q: There was subsequently a Congressional hearing on Jonestown. Did you testify at the hearing?

BUSHNELL: I don't recall testifying.

Q: Someone from the State Department...

BUSHNELL: Ambassador John Burke, who was the Ambassador to Guyana at the time, was called to testify on what we had been doing about Jonestown before the Ryan visit. I remember him coming to talk to me about the events and the actions of the Embassy. There was a view that the Embassy or the State Department should have done something to prevent this terrible loss of lives. But, of course, this was a group of American citizens who actively didn't really want consular services, or at least a minimum of US consular services. They would not go to the embassy and register, as Americans abroad are asked to do. I recall reviewing what I think was a draft report or a letter rather than testimony, — the history of Congressman Ryan's and his staff's contacts with the State Department, the advice not to go, not to take press or cameras.

Q: Well, it was certainly a weird and tragic but fortunately unique event. Any further comment on it?

BUSHNELL:. The Jonestown situation was really in the area of a consular problem although such problems can become major political issues here and abroad. However, the consular role is more limited than many Americans think. Embassies do not enforce US law overseas, particularly civil law. Custody of children and other family issues are not supposed to be enforced by embassies which, of course, have no police powers. The laws and enforcement of the host country apply. However, many Americans, including judges and law enforcement officers, apparently believe that, if a judge in California said that the wife has custody of this child and the husband has him/her in another country, the US embassy in that country ought to do something about enforcing this California judge's ruling. Of course, such action is not allowed in our consul conventions. The embassy might raise the issue with the local government or, if the child appears in the embassy, arrange an airline ticket or something like that. But the embassy has no authority to take custody of a child in a foreign country and change it to another parent because a judge in the U.S. says so. In recent years State has focused more on this issue, perhaps because the problem has become more widespread, but the focus is on agreements with other countries to facilitate access to their legal procedures by aggrieved parents.

Q: Any further comment on Jonestown?

BUSHNELL: One of the more difficult duties as head of the Guyana Task Force was doing the State Department noon press briefing on this issue, because at first it was breaking so fast it just wasn't practical to bring the press spokesmen up to date. There was so much interest in the Jonestown situation that I am told I hold the record for the largest attendance at a State noon press briefing. The fire marshals finally came and were actually trying to kick people out because there were more people in the auditorium than was allowed by the fire regulations. Not only was every seat taken, but everyplace to stand was taken by either people or television cameras. Because this was more a human interest or crime than a foreign policy story, generally the reporters assigned to cover it by the media were not those who regularly covered the State Department but reporters who

did black issues, human rights issues, or some other domestic beat. Thus the normal State Department contingent was there plus all these people who were covering this issue, and it was a big issue not only in the U.S. but worldwide. Moreover, the place for all reporters to get the Jonestown story was unfortunately, as too often in my view happens, the State Department auditorium. There were no foreign press-persons in Guyana, at best a couple of local stringers. Guyana wasn't an easy place to get to quickly. Even if you got there, you would be in the capital which was far from Jonestown. In addition, the Guyana authorities together with our military closed off the entire surrounding area while they searched for Jonestown people who might have escaped into the jungles. For some time the press didn't have a way of covering this story except from the press conferences we gave and the background the press could find in California from the families. The families' current information all came from phone calls with members of the task force, but the families did provide a lot of background on the community.

I encouraged the Guyanese to make information available to the press. After a couple of days the Guyanese government did do some press briefing, which was, of course, directed mainly to the Guyanese press. Thus I was in a difficult position, particularly for the first few days, because our own information was so uncertain. We really thought most of the Jonestown people were out there in the jungle somewhere and the issue was to find them. CINCSOUTH was organizing loudspeakers for helicopters to use while flying over the jungle, although I never understood how anyone could hear a loudspeaker over the helicopter noise. The military planned to tell people to go in certain directions, toward roads, and to give the people some security that nothing would happen to them, trying to talk them out of the jungle. It was only after our people got on the ground in Jonestown and began to move the stack of bodies that they found the number of bodies was close to the total number of people that were there. That was a very difficult part of the operation where it would have been nice to get the focus off the State Department. But, as long as it's our communications and our people on the ground, it's almost inevitable that we

become the link to the press. Sometimes in a diplomatic situation that's desirable. In this situation, it might have been better if the news could have come in some other way.

One of the most undesirable effects of having my name and face so publicly associated with the Jonestown tragedy was that my wife received phone calls asking her how you liked being married to a mass murderer. Of course I had never expected there would be such a problem with having a listed phone number.

Q: Was this the only time in your career that you were threatened?

BUSHNELL: I was shot at in the Dominican Republic, Vietnam, and Panama. Later in my career I received letters threatening death from disgruntled Panama Canal employees. In 1980 an armed right-wing group in Guatemala told an Embassy source the group would kill me if I ever came to Guatemala. I have never since set foot in Guatemala.

Q: You were one of the original nine members of the Panama Canal Board of Directors that was set up by the Panama Canal Treaty. Could we discuss a little further just what that involved?

BUSHNELL: The Treaty provided that during the interim period, which is from the date the treaty came into force until the end of the century, the canal would be run by a binational board which received many of the functions of the Army board that had been running the canal for a long time. This board would have five American and four Panamanian members, all of whom would be appointed by the President of the United States, but the Panamanian Government would nominate the Panamanian members. There was the understanding that whomever they nominated, if he didn't have two heads, would be approved by the United States.

Q: What kinds of people were these others?

BUSHNELL: Of course the canal was a big thing in Panama. The four Panamanian Board members were: Ricardo Rodriguez, a leftish politician and lawyer who was the Minister of Justice; Roberto Heurtematte, who was retired but had been the most senior Panamanian diplomat spending the latter part of his career as Under Secretary General of the UN; Tomas Paredes, a young businessman and politician who was close to the military — he headed the Panamanian flag airline; and Edwin Fabrega an engineer and businessman who was president of the government-owned electricity company. So it was fortunately a very good, high-level group of Panamanians.

Q: And the Americans?

BUSHNELL: The American story has some wrinkles. There's nothing in the treaty defining who the five American directors would be, and the working assumption of the Defense Department, the State Department, and others was that with five directors there would be two or three from Defense and one, maybe two, from State, maybe one from Commerce. Being a Panama Canal Director during the over 50 years of Army management had been a perk with interesting travel and few responsibilities. Few Congresspersons understood the challenge of a binational transition board, the concept of all government employees as directors exploded in the House. We not only had to get the treaty through the Senate by a two-thirds vote, but we then required implementation legislation, because treaties aren't automatically self implementing. Something run by the US Government as long as the canal makes its way into many laws which then have to be amended to comply with the Treaty and to provide for the ongoing structure to the year 2000. The Maritime Committee of the House, which had principal jurisdiction, was very anti-treaty but its leaders probably didn't have enough votes to block implementing legislation indefinitely once the Senate had ratified the Treaty. Only a simple majority vote was needed to pass the implementation bill in the House. The House Treaty opponents adopted a tactic of changing the Administration's proposed legislation in ways which would create problems, play to their special interest friends, or just show their power, all without directly

contradicting the Treaty, which was the law of the land. Some proposed changes would have undermined the treaty, and there was a long, behind-the-scenes struggle over the implementing legislation. Finally the Administration went along with provisions that were bothersome but did not appear to undermine the Treaty.

On the Board of Directors, the Implementation Law provided that among the five American directors one had to have many years of experience and be knowledgeable in all aspects of ports, one knowledgeable in all aspects of maritime operations, and one knowledgeable on union activities. It was clear from the wording and debate that it was expected these three directors would be drawn from the private sector, not the government. Thus Treaty opponents provided groups with special interests in the canal with direct representation in its management. Although it was not the intent of the House drafters to make the Board actually function better, quite the contrary, I think having a variety of experience related to Canal activities did have that effect. The first board members were: Clifford O'Hara who had retired from the New York Port Authority after a long career in port management; John [Jay} Clark who, after graduating for the US Merchant Marine Academy, had risen from cadet to captain of ships and then been President of Delta Steamship Line for 20 years; William [Bill] Sidell who was just retiring as president of the United Brotherhood of Carpenters and Joiners. The effect of the legislation was that there were only two director positions for the government. Defense was always assured of naming the chairman. But there was a long and contentious battle between State and Defense for the remaining director seat.

Defense, of course, saw the Canal in part as being an Army facility; as near as I could determine, this mind-set was driven by the fact that the Army Corp of Engineers had built the canal. It seems to me it is the Navy that uses the Canal. The Army of course manned and used many facilities in the former Canal Zone, but the Panama Canal Board had nothing to do with the phase down of these facilities. At any rate it was up to the Secretary of Defense to name the chairman. Defense thought that it needed three seats for representatives of the Secretary of Defense, the Secretary of the Army, and the Corp

of Engineers. The State Department felt that implementing the treaties was in large part a diplomatic exercise; certainly the treaties were not something that we'd done for defense reasons in the normal sense but for diplomatic reasons. Thus the State Department should be represented on the Board, not to mention that by its binational nature diplomacy would have to be a big part of building a functioning Board.

Neither Defense nor State would give up its claim to the remaining Board seat. Memos went back and forth. Twice this issue went to the President formally, and informally more than twice, with memos from Secretary Vance or Secretary Harold Brown. As I heard the story, the President would keep sending the issue back saying he didn't want to resolve this issue, that Vance and Brown should get together and resolve it. They had made several attempts. Finally, this issue was scheduled for resolution at one of the weekly lunches at which only the two secretaries were present. I was told the following by the Executive Secretary of the Department, Peter Tarnoff, who had debriefed Vance. About coffee time Brown said, “You know, we've really got to deal with this Panama Canal Director issue, and you know the Panamanians already now for some weeks have appointed their people and they've appointed one who is a communist and their other people are going to be very hard to deal with. We have these American directors from the private sector that we don't know whether we can rely on. We really need a couple, seasoned, tough military types.” Vance agreed with him and said, “You know, I have one SOB left, and I'll appoint him.” For whatever reason Brown agreed. I was therefore appointed with that dubious distinction, although I have never learned just what specifics about his SOB the Secretary might have mentioned.

We duly appeared before the Senate Armed Services Committee, and we were confirmed by the full Senate. I spent a great deal of time trying to explain to Senators why they needed to confirm the Panamanian Directors as provided in the implementing law but they couldn't call them to appear and interrogate them as they could we Americans. But that all got done. Before the Board organized and began work, I made a trip to Panama because I wanted to meet the Panamanian directors in a more informal setting and try to lay the

base for a constructive board, working largely by consensus. My frame of reference was to create, not a board that was five to four and fighting about everything on a nationality basis — the Americans want this, the Panamanians want that — but a cooperating board with a common objective of a smooth-running canal, an efficiently run canal ready to turn over to the Panamanians according to the Treaty. Such a cooperating smooth functioning board seemed to me to be in the interest of both countries as well as being what the Treaty called for.

Q: A cooperating Board will make the Canal work effectively and efficiently?

BUSHNELL: Right, and do the things necessary so that the Panamanians could keep it working efficiently and effectively when they took over after 20 years. I went to Panama and called on each of the four Board members one by one and found I could find common ground with each of them. The Justice Minister, Rodriguez, was the most interesting. He is the one that the Defense Department thought was a communist, and I guess reports showed that, when he was in the university, he participated in activities with or organized by the communists. He was a strong supporter of General Torrijos and his popularism. He favored policies helping the poor and had a negative attitude on American business and foreign policy, but he was equally negative on the Soviets and even thought Castro had made a mess of Cuba. His view of the Canal, when I first met him, was very simple. “You put the ship in at one side and you sail it out the other side, nothing to it.” So he had a lot to learn, but he did learn. Heurtematte was also a Yale graduate, so we had that common bond as well as both being diplomats. Throughout his fairly brief tenure on the Board, he did a great deal to keep the Panamanians calm and focused and not playing to the public. Fabrega, perhaps because he was an engineer, was most focused on the Canal as Panama's greatest asset. He was a tremendous help in getting Board discussion away from broad issues where there was disagreement and on to specific implementation steps where we were usually able to reach consensus. I had the greatest difficulty relating to Paredes whom I judged to be inconsistent in his positions and thinking. I later learned that views of the National Guard were often communicated to him late,

even after discussion had started, and he saw his job as pressing these views. I used this initial trip to Panama to seek the views of the Panamanian Board members, and I had no agenda except that we would be guided by the Treaty. This approach was appreciated by my Board colleagues and established good personal relationships. Over the next five plus years I was frequently able to draw one or more of the Panamanians aside and work out a satisfactory compromise or at least make sure the US position was understood.

Q: But who was chairman of the Board.

BUSHNELL: Defense decided the chairman would be the Assistant Secretary of the Army for Civil Works who was the civilian in charge of the Corps of Engineers among other duties. Michael Blumenfeld, the first appointee, was a Harvard MBA who had been director of public affairs at New York University and then deputy undersecretary of the Army until he moved to this civil works position in 1977. Blumenfeld was only in the position for three meetings of the Board, less than a year, before President Reagan came into office and Carter appointees departed. Reagan appointed William [Bill] Gianelli to the Army Civil Works position and as the chairman of the Panama Canal Commission Board of Directors. Gianelli had been in charge of water and irrigation in Reagan's cabinet when he was California governor and was close to the president.

Q: How did the Board work? Since they're all over the lot, you couldn't have had too many meetings. Did they have a staff?

BUSHNELL: The Panama Canal Commission which ran the canal of course had a staff of thousands. The Administrator had the prime responsibility for preparing an agenda and papers for the Board's consideration; Board members could ask for topics to be placed on the agenda and papers prepared. The Canal Commission secretary headed its Washington office and was the key link to the Chairman. The Treaty called for the Administrator for the first 10 years to be an American, and General Dennis [Phil} McAuliffe was named to that position and in fact served the entire 10 years. Phil had been the CINC,

the top U.S. military commander, in Panama until he retired shortly before taking the Administrator job. The Deputy Administrator was a Panamanian, Fernando Manfredo Jr., as provided in the Treaty. He was nominated by the Panamanian Government; he was a long-time Torrijos associate and supporter. He had been Commerce Minister and had a reputation for both honesty and efficiency. He proved to be ideal as the senior Panamanian as he provided leadership to the Panamanian work force and did more than anyone else to educate the National Guard and the Panamanian public on the operation of the Canal. The Board met four times a year, three times in Panama and once in the United States. Usually the meetings were two or three days with an extra day sometimes to visit canal facilities.

Q: When you met in the U.S., where did you meet?

BUSHNELL: The first US meeting was in New Orleans because Captain Jay Clark was from the New Orleans area. He said, “Don't fool with Washington. The Canal isn't a Washington issue. Let's have it in New Orleans. It's a big port, it's a big user of the canal.” He was a member of the New Orleans Port Authority, so he arranged with the Port Authority to host the meeting. Subsequently we had the US meetings in Washington at the Canal offices or in the State Department meeting rooms where simultaneous translation was convenient.. Having the first meeting in New Orleans is an example of something that I thought was unimportant turning out to be quite important. This first meeting in the U.S. was in the fall of 1980; I remember while we were there we watched a Presidential debate. New Orleans really went all out. They put on, as my wife put it, the full Latin American hospitality treatment. Directors were met at the airport by a policeman with a car and were escorted the whole time and protected by the police. We were entertained at the best New Orleans restaurants. We were meeting on a Monday, Tuesday and Wednesday, or something like that. Ricardo Rodriguez, who was perceived to be the most difficult Panamanian on the Board, decided he'd come early because he had never been to the United States. He came on Friday and spent the weekend in New Orleans.

He told me, when I saw him on Sunday night when I got there, he had had a marvelous time. He said, “You know, when I start out and I talk to these people in the bars or on the street,” in his quite broken English, "they don't understand why we want the canal. “But I explained it to them and they agreed with us.” I asked how he explained it. He said, “If the French had kept 10 miles on each side of the Mississippi River all the way up and down and every time you wanted to drive across you had to go and apply for a special permit, and maybe you'd get it or you wouldn't, and, if you drove too fast, they'd throw you in their jail, you Americans wouldn't put up with that.” He explained that the Canal Zone had had that effect in Panama. He said, “When Americans see our side, they understand. American people are great. They understand reason.” He was very impressed with the United Staes, and I think for the first time came to the conclusion that implementing the treaty didn't have to be a struggle. He changed his attitude after that experience. So there really was a tremendous fringe benefit of having that meeting in New Orleans with the river running through it.

The Board had a lot to do to change policies to implement the Treaty, but the resistance to doing the things that would make the canal efficient and turn it over as a profitable and effective enterprise came mainly from the Americans working for the Canal Commission, who were almost universally opposed to the treaty, not from the Panamanians. The Canal was their life. In many cases they were second and even third generation Zonians who had made their careers running the canal and felt this was an American enterprise. They were not interested in sharing it with the Panamanians. So the Board had some, what I consider, far-out debates. It was like UNCTAD only even more extreme. But between myself and the Panamanians with substantial assistance from the private American members we managed to bring about change. Generally the chairman sort of hung back to be a friend of the Administrator, especially after Gianelli took over. Of course, Reagan had been strongly opposed to the Treaty, and Gianelli supported that view. However, as I frequently pointed out in the many meetings of the American board members, the Treaty

was the law of the land and our job was to make it work so that US shipping and military interests would have a smoothly functioning canal after 2000.

For example, one of the most significant issues was training Panamanians to take over gradually from the American employees. The most technically difficult job with large numbers of Americans was canal pilot. When the Board began addressing this issue, there were something like 300 pilots—I don't remember the precise numbers now— and there were like four Panamanians. All the rest were Americans. We discussed the need to train Panamanians. Jay Clark who was a graduate of the US Maritime Academy said he could arrange for more Panamanians to go there if we financed scholarships, but this was a four year course and there was no guarantee that most of the Panamanians would come back to work for the Canal. We discussed getting some of the main shippers using the canal to take Panamanians as apprentice mates to train them. Finally, after a couple of Board meeting discussions I asked what the skills were that would be learned at the Maritime Academy that would prepare pilots. Jay began listing some of the main courses on ship handling, route planning, and celestial navigation. I could not resist, and I interrupted to point out that, if any canal pilot had to resort to celestial navigation in the canal, we were in really big trouble. This comment became shorthand among several board members for saying that our pilots did not have to be so highly qualified. Under the previous Army management all pilots had to be qualified as ship captains.

Finally in discussion of another subject one of the senior canal operations people commented, “The people that know the canal best are the captains of the tugboats, because they're navigating in the canal all the time, their whole life. They're moving the ships. They have more to do with moving the ships than the captains of the ships.” Bingo. We said, “Let's have a program to move tugboat captains up to be pilots while training more tugboat captains.” Many of the tug boat captains, especially the younger ones, were Panamanians because there had been a Canal program to train them for many years. Amazingly tug captains were not eligible to ever become even junior pilots. It wasn't really necessary for pilots to have had seagoing experience to pilot ships through the canal. It

was finally agreed to begin training tug boat capitals as junior pilots. We also agreed to send more Panamanians to the Merchant Marine Academy in the U.S. and to train some in apprentice programs in Panama. Of course we had nearly 20 years for a gradual program to produce a mainly Panamanian pilot force. By 1990 when I was again dealing with the Canal, the program was making good progress. Although most of the senior pilots, who took the biggest ships through, were still American, a majority of the pilots were already Panamanians and they handled the smaller ships and were assistants on the big ships.

There were several gradual transitions in the Treaty, especially dealing with the American workers. Of course, the Canal Zone with its separate government and even courts ended with the Treaty. The American workers, even though still living in Canal Commission houses, were then in Panama. Panama did establish a police station in the center of the former zone. But the Canal Commission added to its security force, mainly by recruiting in Puerto Rico, and this force covered the residential areas as well as the canal itself. The American children of the workers still went to the American school, which was part of the Department of Defense school system. For the first five years under the Treaty the American workers' commissary, base exchange [PX], and military postal privileges were grandfathered. But these privileges ended in October 1984, and the American workers then would have to purchase on the Panamanian economy where imported products were quite expensive. The workers would still receive home-leave and could of course purchase clothes and household items then. These privileges were extended for the first five years to help avoid a sudden exodus of needed American workers when the Treaty became effective. There was not a large exodus, and, if anything, American attrition was less than expected. Even under the Treaty conditions the Commission was able to recruit the handful of highly skilled people it could not find in Panama in the United States.

The issue was what compensation should the American workers be given, how much should they be paid, to make up for the privileges being lost. The Panamanians were not in favor of any compensation, wanting both the additional sales for the Panama economy and the additional pressure for American workers to leave to create opening

for Panamanian workers The Commission staff contracted one of the big accounting firms — Price Waterhouse — to do a study which came up with the startling conclusion that the cost-of-living increase should be 50 or 60 percent. The study was based on the most ridiculous price assumptions, such as that fresh produce would be flown in from the U.S. even though a wide variety of fruits and vegetables was available locally for less than US prices. The details of the report did not really support the conclusion, and some of us believed Price Waterhouse had tried to support what the senior Americans on the Commission staff wanted. For a couple of meetings I took the lead in opposition to a big salary increase which would have caused an increase in canal tolls. But it is hard to beat something with nothing, so I made a proposal which I thought was straightforward. We have in the State Department a well established system in which we do cost-of-living comparisons between most capitals and Washington. We could apply this system to the American Canal workers. If it showed that the American cost of living in Panama was 110 percent or something of Washington, it would tell the Commission what to do. We went through a major struggle because Defense was reluctant to join my position.

My proposal to treat the less than 1000 remaining American workers the same as other civilian US government employees in Panama opened another Pandora's box. All American Canal workers were entitled to Commission housing, and with the reduction in American workers we had more houses that we needed and were turning the surplus over to Panama. However, the Army's system had been to charge the employees rent. The rents, however, were based on what was charged for housing in the Tennessee Valley, some of the cheapest housing in the country. I proposed we end that system and essentially stop the requirement for rent and that the free housing would compensate for the loss of commissary and other privileges. The Canal employees would also then be receiving housing as do employees in embassies. The State Department would do its usual cost of living study, and, if it showed a higher cost of living in Panama, a cost of living allowance would be granted.

Defense was uncomfortable with providing the Canal workers free housing because it might set a precedent for other areas of the world, although no other Defense civilian workers were affected by a Treaty reducing their privileges. Eventually, State called a meeting in Washington, which I attended after meeting with several Defense officials to explain my proposal privately. At the State meeting Defense's opposition melted away. The details were developed, and the proposal was adopted to the chagrin of the American staff who were looking forward to a big increase in pay while most continued buying at the Commissary because they were retired military, in the military reserves, or their wives worked for the US military. State's calculation showed that the workers came out considerably better off.

We also had a continual debate in the Board on wages for the Panamanian nonprofessional employees. The basic cause of these problems was an absurd policy under the previous Army administration of the canal and the zone. I don't think it was done intentionally, but it had very unfortunate unintended consequences. The Army complied with the minimum wage laws of the U.S. in the Canal Zone. Thus, under the previous administration the person who was a common labor cutting grass in the Canal Zone had to be paid the US minimum wage, which was three or four dollars, whatever it was at the time, whereas the person 50 feet away cutting the grass in Panama was paid maybe 30 or 40 cents an hour for the same job. This system, of course, only infuriated Panamanians and built up a lot of tensions; there was even considerable corruption in awarding the Zone jobs to relatives or to those kicking back in some way. The higher Canal wages continued all the way up the scale although the wage differences were not as extreme for more skilled personnel.

I thought the disruptive effects in Panama of the excessive Canal wages would cause the Panamanian members to join me in working for change. Fabrega in fact complained bitterly that his electricity authority was in the position of running training schools for the Canal for free. As soon as his people had trained an electrician or welder and he

had a little experience, he would quit for a higher-paid job with the Canal. However, the Panamanian government found that it was good politics to campaign for higher pay for Panamanians in almost all circumstances. Nevertheless, some Panamanian directors helped in approving a new wage policy for new hires based on prevailing wages for the same work in Panama. Existing employees were grandfathered in the old system. Every year we had a debate about an annual or inflation adjustment wage increase. In some years I managed to exclude the wages on the grandfathered scale to begin moving them toward Panamanian wages.

Probably no issue was as contentious in the Board as wage and salary adjustments. The situation was complicated because Bill Sidell, the labor expert American director, usually favored increases along the lines of the Panamanians and the labor unions, most of which were branches or associates of US labor unions. Much to my amazement, I found that a majority of the members of the American Maritime Union were employees of the Panama Canal. Our merchant marine had declined so much that we had relatively few merchant mariners, while there was a lot of union members in Panama as pilots, on the tugs, work boats and dredges, and even running the locomotives. So we had a major US union which was very much involved in Panama and lobbied the Congress and the Defense Department on behalf of their members, most of whom were Panamanians. Jay Clark, however, was strongly opposed to almost any wage increase because he was trying to keep the tolls charged the users down. The legislation gave the chairman the power to direct the vote of the US directors, but the chairmen were rightly reluctant to use this authority. I think it was used only once during my time on the Board, on a wages issue. But its existence sometimes moved the American directors to consensus. During the first year there were some 5 to 4 votes - Americans against Panamanians, but later a compromise was almost always worked out. I had a long tour on the Commission.

Q: Yes, it continued three years after you left Washington.

BUSHNELL: After I went to Buenos Aires, Steve Bosworth, who was my successor in the principal deputy job in ARA, was nominated to be a Canal Director. The process of Congressional approval was slow, and I continued attending Board meetings. After I had been in Buenos Aires nearly a year and after I had attended what I thought would be my last Canal Board meeting and had been given the railroad tie and plaque as a Commission token of appreciation, Steve Bosworth called me and said that he had been confirmed by the Senate but he had also just accepted the Secretary's request to take over as the head of Policy Planning. As he would no longer be in ARA and there was no way he could take time from his new job for the Canal, it didn't make any sense for him to be sworn in and maybe go to one meeting and then leave. He asked if I would keep doing the Canal Commission until his successor got in place, was nominated, and confirmed. I agreed. It was a lot of traveling every three months, but I enjoyed serving on the Board, and I found the Canal issues interesting. By that time I was probably more familiar with the issues than virtually anybody else. State provided good guidance on issues involving interpretation of the Treaty or of the implementing legislation, but on such issues as efficiency, preparation of the Panamanians to take over, and wages, State gave me little guidance so I proceeded on my own.

Then Bosworth's successor, Jim Michael, adamantly didn't want to take the best part of four weeks out of the year to do the Canal. He felt the principal deputy job was all he could do. He was not nominated, and finding a replacement for me was sort of on the back burner so long as I kept attending the meetings. I guess no one was too unhappy with me even though I shook some things up for Defense and the Administrator. I don't know what was happening in Washington, but it was 1986 before I was replaced. My Canal Commission job was a break from the pressures of Argentina every three months, but I seldom got to take annual leave while in Buenos Aires because of the time spent on the Canal. In 1984 we benefited from the marvelous perk of traveling to home leave by ship, sailing south from Buenos Aires through the Strait of Magellan and up the Pacific coast.

However, I had to leave the Delta Line ship in Peru to fly to a Panama Canal Commission meeting, joining my family a week later when the ship reached Los Angles.

Q: Were there other major issues that came up?

BUSHNELL: When the Board first began meeting in 1980, the demand for the Canal was greater than its capacity. Ships had to wait several days to transit. On the way to our first Board meeting we saw the long line of ships outside the Canal entrance waiting for their turn. These days of waiting were, of course, very expensive for the operators of big expensive ships. Cargo was being diverted to the much bigger ships that would go around Africa or sometimes South America to avoid the Canal delays even though the sailing time and distance was much greater. There were two big issues that the Board had to address right away.

One was that the pilots choose this period of excess demand and the initiation of the new binational Board as the time for a job action and a work slow-down which made the wait for transit even longer. As government employees they weren't allowed to strike, but they could greatly delay the transits where they were in charge and could always wait for another rope or for a ship to get more clear and all sorts of other reasons. They would also arrive late for the pilot boat taking them out to the ship. Although they were very well paid, they demanded a large increase in both pay and benefits. We investigated whether the military or anyone else could provide emergency replacement pilots. But there was no substantial number of pilots anywhere in the world that had the experience and skills to take big ships through the Canal. The Administrator finally negotiated a settlement which, I believe, I finally voted in the minority against because it raised pilot wages to excessive levels putting pressure on Canal finances and opening the door to copycat demands by other groups of workers. It was a very generous settlement. A senior pilot working the normal amount of time, which required overtime because it takes 12 hours for a transit so they always work overtime on the days they have transits, began making more than the President of the United States under the new agreement. I thought it was highway

robbery. Moreover, these excessive wages were just the sort of thing we did not want the Panamanians to inherit when they took over the Canal because paying excessive wages to most employees would substantially raise the cost of Canal transits. Pilot compensation was a continuing problem, although some fringe benefits were cut once there were more pilots available than we needed..

The other issue was how to expand the capacity of the Canal. There had been a lot of studies, and a new tripartite group of the Japanese, the United States, and Panama was just initiating a major study of a sea level canal, possibly using nuclear explosions and considering various routes. All of these studies I considered interesting background, relevant only for a distant future when the U.S. would no longer own the Canal. I raised the question consistently whether we couldn't find ways to get better capacity out of the existing canal. At first I didn't get far in the Board itself, but we always had lots of social activities connected to the Board meetings. These gave us a chance to get to know the senior staff, both American and Panamanian. In pressing the engineers and operators I found they did have ideas to increase capacity at least by a few transits a day. I promoted some of these ideas and asked the Administrator to study them. Some were simple. By setting up better lighting and dredging a few curves bigger ships could transit at night and with fewer delays. By building tie-up docks next to the locks ships could be prepositioned to enter a lock as soon as another ship cleared. By widening the canal in a few places we could avoid delays because big ships could not pass in parts of the canal. Over several years we gradually increased the capacity of the canal by five or six ships a day with quite limited investment. However, the main development that ended canal congestion was the opening of the trans-Panama oil pipeline in the fall of 1982. Moving Alaska North Slope oil to the eastern U.S. had accounted for several transits a day, as the ships not only transited with the oil but also came back through to go for their next load. In fact loss of this substantial business to the pipeline forced us to seek a toll rate increase of 9.8 percent in 1983.

The economics of ships transiting strictly according to arrival time in Canal waters bothered me. A falling-apart wreck with a minimum low-cost crew had many times lower daily cost for waiting than a modern Panama-max container ship [designed to be as big as possible and still fit through the Canal] which was trying to maintain a schedule of port calls. The local representatives of the shipping companies who attended some of the Canal social functions impressed on me that the shipping companies would pay more to avoid delays and they were looking for ways to avoid the Canal because of delays. Over its history the Canal had made a few exceptions to first come, first served. Warships and passenger ships had priority but not much else, and the Commission and Defense were set in their thinking about the order of transit. Of course under previous management no one had worried about serving the customer or making money.

I pressed in the Board for studies on establishing a transit reservation system under which those customers who wanted to guarantee transit on a given future day, regardless of the size of the waiting line, could do so by paying a substantial fee well in advance. We had lots of debate, and the first proposals were considerably improved, but meanwhile time passed. It was agreed that only a relative small portion of the daily transits would be open for reservations so ships not reserving would not have too much longer waits. The transit booking system was not introduced for a trial until 1983 after demand had already fallen below capacity. To my surprise, the booking system despite its substantial cost was popular with the users even though delays in transit had become unusual. Users remembered the delays of 1980 to 1982. In April 1984 a transit reservation system was implemented on a permanent basis, adding substantially to Canal revenue.

At almost every Board meeting there were interesting issues, or, as one Board colleague said to me, if nothing interesting is on the agenda, we can depend on you to bring something new up. Perhaps the greatest good news was in the category of the dog that didn't bark. We all embarked on Treaty implementation without the greatest confidence that a binational administration and board would work efficiently. But Phil McAuliffe, the

American Administrator, and Fernando Manfredo, his Panamanian deputy, settled in and proved to be an extremely capable team dedicated not only to the daily running of the Canal but to implementing the Treaty and preparing for an eventual Panamanian take-over and a gradual departure of the American staff. Moving more Panamanians into positions of authority and gradually turning over power to Panamanians in an orderly and sensible way, closing the commissaries, changing the housing arrangements, developing training programs for pilots to accountants were all accomplished without any big explosion or turmoil and with an approach of being fair to people on all sides in a very constructive way. I think history will record this as a rather remarkable treaty experience after another couple of years when it's completed, despite some setbacks during the Noriega period. What many in the US Congress and elsewhere had argued was a transition arrangement that wouldn't work in fact worked exceptionally well. It should be a model for the right sort of cooperative arrangement between two countries.

Q: Who eventually replaced you?

BUSHNELL: Richard [Dick] Holwill, who was a Deputy Assistant Secretary in ARA, a political appointee with sort of catch-all responsibilities, eventually replaced me. Over the years and in some transition from one Administration to another — I forget now which one—State forgot that this Canal Director was its much-fought-for job, and now it has become an appointment made to an outsider by the White House. Perhaps this shift reflects a realization that the real work has been done and it is now a routine ride to the final turnover.

Q: Any further comment on the Board?

BUSHNELL: No, we'll come back to Panama and the Canal in 1989 and 1990 when I returned to Panama..

Q: What do you recall about the time Diego Asencio, then our Ambassador to Colombia, was taken hostage by a terrorist group?

BUSHNELL: I certainly remember the incident, but I didn't have much involvement. I remember I was going somewhere, probably to Panama, and was in the Miami airport when I was paged. I went to the PanAm office and got on the phone with the State Department. I guess the issue was raised should I come home or should I keep going. The PanAm Vice President for Latin America, had a big issue on which he wanted my help; he had to decide whether or not to let his flight depart in an hour or two for Bogota. The initial reports weren't too clear about what was happening at the Embassy of the Dominican Republic or elsewhere in Colombia. I was not planning on going to Colombia on whatever trip I was doing, and I finally caught my plane. By the time I got back to Washington, the situation had pretty well settled down, and I didn't have any reason to get into it, although I recall asking how such a small number of M-19 hostage takers could prevent any prisoners escaping.

Q: How about Chile? This was the period when Pinochet was consolidating his power after his successful coup against Allende? Were you concerned with Chile?

BUSHNELL: Yes, I spent a lot of time on Chile. Chile was a main target of the human rights activists. There had been terrible human rights violations at the time of the coup and for a year or two thereafter. But the current situation was clearly improved by 1978 or 1979. The Pinochet government wasn't disappearing people or killing people anymore and hadn't for some time. There were few political prisoners, although many had been sent or had gone into exile. There was still a military authoritarian government, but the military wanted to return to democracy provided they could protect themselves and the military institutions under civilian rule. If you look at the current situation in say 1979, individual human rights in Chile were probably about average for Latin America. If US policy was

going to be to reduce sanctions as individual human rights improve, Chile seemed to be a prime candidate for some relaxation.

However, Chile was the prime enemy of human rights activists such as Mark Schneider and Dick Feinberg, as well as of several Congressional members and staffers. These activists, who had been campaigning against Pinochet since 1973, had not yet been able to apply all the sanctions they wanted against Chile. They were not prepared to consider moving in the opposite direction. Moreover, the Chilean situation was complicated by the killing of the former foreign minister and his American aide on the streets of Washington. Chile was perhaps the clearest conflict between the ARA position of trying to encourage a government to continue improving the current human rights situation by rewarding progress and the HA position of maximum sanctions on governments that had horrible human rights histories even if they improve, with the objective of setting an example for the future.

Q: And Chile had a tradition of very democratic behavior.

BUSHNELL: That's right, and sometimes HA argued that the Pinochet break in this good human rights record was all the more reason for the strongest sanctions. On the other hand I argued that the Chilean military did not have a history of ruling, unlike some other Latin militaries, and a return to democracy was a feasible short-term objective; what could not be done in the short-run was to get a return to democracy with the senior military put in jail or executed. In general Deputy Secretary Christopher sided with HA on Chile. I had no argument that the U.S. had any major national interests in Chile, so it became one of the places where the human rights activists dominated policy under President Carter. I thought this situation was unfortunate because Chile valued its traditionally good relations with the United States. Also Pinochet allowed a group of largely Chicago-trained economists to straighten out economic policies and launch Chile on a free market route to being a developed country. Perhaps we should leave the specific issues on Chile until we discuss

human rights more generally, because it's by comparison with measures taken against other countries that the contradictions in our position on Chile come into focus.

Q: The Letelier assassination, that's separate...

BUSHNELL: In some ways its separate from the human rights situation in Chile; killings arranged by part of a foreign government on Washington's streets are pretty unique. Those wishing to increase sanctions on Chile certainly mentioned these murders as well as the many that occurred in Chile. Of course, everyone in the Justice Department and in the State Department wanted to catch and punish the people who were responsible for this killing in Washington. We got lucky. Our intelligence got a pretty good idea of who the murders in Washington were, at least those who actually set and activated the bomb. Then we had what I think was really a stroke luck. George Landau, who became our Ambassador to Chile in 1977, had been our Ambassador to Paraguay immediately before that. When George learned that our intelligence indicated some of the people associated with these Washington murders had not gotten their US visas in Chile, he remembered an incident when he was in Paraguay. At some point the head of the consular section in Paraguay had brought him two official Chilean passports and indicated that these two officials said they were in Paraguay on business and now needed to go to the United States. They wanted to get US visas in Asuncion. George, being a careful Germanic American, took the passports and made copies of the first pages and stuck them in his desk. When he heard years later that Chilean murderers might have gotten visas elsewhere, he dug out these two passport pictures. Bingo. Justice thought these men were involved. One of these was Townley who was, although he had a Chilean official passport, actually an American citizen.

Q: Townley was the son of the Ford Motor Company representative in Chile.

BUSHNELL: That's right. I don't think his father was still there, but Townley went back.

Q: Townley had been there many years.

BUSHNELL: Young Townley was there most of his life. Once Townley was identified as one of the people involved in the Letelier bombing, the Justice Department said we should ask the Chileans to extradite him. Chile, like most Latin American countries, won't extradite their own citizens, but this fellow was an American. Americans they ought to extradite. I said that it would be fine to request his extradition but I thought the matter would just drag on without resolution. We were applying close to our maximum human rights sanctions to Chile, and it did not seem likely to me that Chile would give us someone who would implicate senior officials in a murder, assuming he had been involved. Instead I supported informal efforts to get Townley to the States. Contacts were made by the FBI, much of which I wasn't involved in, and finally it was agreed that Townley would make a trip to the States. We had to handle this matter very carefully because we believed senior people in the Chilean Intelligence Service had been involved and might disappear Townley if they learned he might leave Chile.

Q: Including people who were very close to Pinochet.

BUSHNELL: Right, those who ran the intelligence service had a great deal of influence. The way it was worked out Townley was flying to the United States on a Saturday. I was in the office virtually all day that Saturday working on something else. Frank McNeil, who was the deputy for South America and was the action officer for this Townley operation, was also in the office, and he gave me practically minute by minute progress reports. The plane's only stop between Santiago and Miami was in Ecuador. Frank was concerned that something would happen in Guayaquil, and Townley would just disappear. We debated asking the Ecuadorean authorities to keep Townley on the plane, but we decided that might not work very well; if the Chilean intelligence service was playing a game, they would have more influence on the Ecuadoreans than we had. I think Frank finally got some of our SY [State Security] people to the Guayaquil airport to keep an eye on things, although I don't know if they could have done anything if Townley had fled. But in the

event it went off smoothly. He decided to talk and make a deal with Justice, but he could not definitively involve the heads of Chilean intelligence because he was a low level operator. His cooperation helped in catching some of the other lower level people who actually carried out the crime.

Q: So was the State Department involved after Townley was here?

BUSHNELL: Once he was arrested in Miami, we didn't have any involvement with him. We did try to get one of his senior colleagues out of Chile much later. In the mid-1980's when I was in Buenos Aires, one of Townley's colleagues indicated that, given proper assurances that he wouldn't be sentenced to too long a jail term, he might be prepared to come. A small mission of Justice, FBI, and State people came to Buenos Aires to establish a base for dealing with this person. The mission operated secretly from Buenos Aires because this guy was very concerned that Chileans would find out he might be skipping. He was a fairly high-ranking officer. Mike Kozak from State's Legal Office and later principal deputy in ARA came with the mission. He contacted me by cable and on the secure phone. I was the Charg# at the time, and I agreed no one else in the Embassy would know what this mission was doing. A Navy communicator came with the mission to establish compartmented secure communications into Chile and back to Washington. Most of the mission was not going into Chile unless promising arrangements were agreed, but they were close enough to handle whatever issues arose and to send additional experts to Chile if needed, for example to draft legal documents of assurance. They worked out of my office, and the communicator installed his antenna on the window sill. Of course, this was all done with the greatest confidentiality so no one in the embassy knew what was going on. I had somewhat of a problem with my communicators who did figure out that a separate communication set-up was being run out of my office. I sat down with them and explained that some things that had to be done involving other agencies of the US government required unusual channels and they should not be concerned. That operation was not successful. We couldn't provide all the assurances and guarantees he wanted.

Q: What was the issue of mirage aircraft to Peru? Why would we want to help the military dictatorship in Peru? It was also a pretty repressive regime, wasn't it?

BUSHNELL: Peru was one of the first South American countries to reestablish democracy. But the government that was elected was nationalistic. It had a difficult guerrilla problem, and there were human rights violations by the military and by the guerrillas. Production of coca was expanding rapidly, and the government did not seem to want to control it. Peru's economic situation was difficult, and the new civilian government wanted help from AID, and especially from the World Bank and the IMF. Although free elections had been held with Fernando Belaunde elected president, the military still had a great deal of power. Peru had an appealing prime minister, Manuel Ulloa, who wanted to move his country in the right direction. Sometime in 1980 he came to Washington to try to raise funds from us, the World Bank, and IMF. He was trying to reestablish Peru's creditworthiness and get foreign investment and foreign loans.

We were basically supportive in State. Because of the elections and reestablishment of democracy HA did not raise the human rights problems as a block to aid. For ARA the main problem was that intelligence indicated the Peruvian military was advanced on buying a bunch of mirage fighter planes from the French. Not only would such a purchase divert large amounts of Peruvian funds from development or social expenditures just when development lending was restarting, but such a purchase would be seen as a threat by Ecuador and perhaps Chile and could start a very unfortunate arms race. Even Brazil might decide it needed comparable fighters. We had worked hard to try to avoid South American militaries slipping into an arms race. We had refused to let US warplane producers even demonstrate their modern aircraft in Latin America. We worked on various ideas to try to get a Latin agreement not to purchase arms with more advanced technology than was already in the area. If Peru was spending a few hundred million dollars on mirage fighters, I did not want to be defending substantial new AID lending to Peru in the US Congress. Moreover, such a major purchase by Peru would galvanize the

US plane industry to overturn our restrictions on US exports, and our refusal to license such exports would appear foolish if the effect were just to push such purchases to our European competitors.

I considered the mirages a very important, although very difficult, issue. I thought we should use the Prime Minister's visit to try to stop such a purchase or at least limit it to a couple of planes. This issue involved two of my principal responsibilities - economics where I defended our bilateral program with Congress and political-military where I had taken a lead in trying to get restraint in Latin arms purchases. This was a tough issue in ARA. The desk officer and country director correctly said that the mirage purchase probably was not an issue that was under the control of the prime minister, that he would have stopped it if he could have, but the fact is that he couldn't. They argued we shouldn't raise it with him. My position was that we had to raise it with him because this was an issue that, whether it bit him or not, would bite us if we didn't resolve it. Moreover, I thought that our raising it might provide those in the Peru government opposed to the mirage deal additional ammunition.

Bill Bowdler was the Assistant Secretary, and we met in his office with the Prime Minister, who was also Economics Minister and several of his people. Ulloa explained his economic program and went through all the economic issues for the best part of an hour. Everything was upbeat and positive. He wanted to improve the climate for foreign investors and seemed to understand how to do that. He had found the IBRD and IMF positive on major lending. As we were coming toward the end of the meeting, I merely noted that we had heard some reports about potential purchases of new aircraft by the military which would take a great deal of money and asked how that fit with his economic program. He put on a great act. He said, “You're insulting me. You're destroying this meeting. You're getting into the sovereign business of Peru. It's no business of anybody else.” I was taken aback by this attack, and I think all the other Americans were surprised at this aggressive posture. I would have been much more sympathetic if he would have said, “There are some things that I'd rather not spend money on, but I don't have any choice. We are newly

democratic and certain concessions to the military are part of this transition." Bowdler quickly concluded the meeting noting that arms purchases had to be a factor in our considerations but we would not discuss them if he did not want to.

Ulloa's aggressive posture confirmed that a large Mirage purchase was going ahead and flagged the difficult problems we would be facing. We decided not to resume our bilateral aid program, although we did not raise any objection to lending to Peru by the IMF and the World Bank. I did take a fair amount of flak from the Congress on the Peruvians' purchases of mirages when the financial institutions were moving forward and on our policies stopping US companies from competing for such business. Fortunately I was only defending the bilateral aid programs with Congress. Months later I heard from a friend in the financial institutions that the Peruvians were concerned the U.S. would oppose IFI (International Financial Institution) lending to Peru because of the mirage purchase; perhaps they remembered what our arguments had been on the Nicaraguan IMF drawing in 1978. Ulloa reportedly was quite pleased that his aggressive tactic had shut me up.

Q: You spent a great deal of time on human rights in Central America. Before we get into that, is there any other issue that you were concerned with in ARA that touched neither human rights nor Central America?

BUSHNELL: We might discuss Jamaica.

Q: Well now, Jamaica comes up in the early Reagan period.

BUSHNELL: Yes, but it was also a major issue throughout the Carter Administration. Jamaica had a leftist socialist government under the PNP and Prime Minister Michael Manley until the more conservative or centrist JLP won a majority in the Congress toward the end of 1980. Many PNP leaders had been educated at the London School of Economics and favored a fairly extreme version of socialism. However, Jamaica was not communist; its democratic institutions were widely supported. Manley established close ties with Cuba, and numerous Cubans came to Jamaica to give technical assistance

particularly in such areas as sports and trade. The Manley government had nationalized the bauxite mines and alumina plants which had been owned mainly by US companies. Not only was nationalization of the bauxite mines, producers of the island's most important export, a part of the socialistic approach, but it also had racial overtones because the mining industry had been run by whites and nationalization had been a major plank in gaining black control of the government.

The Manley government had pretty much wrecked the economy by making it hard for the private sector to operate and by spending on a lot of political things that did not advance the economy such a gigantic sports program. Everything in Jamaica it seemed had become political. Lots of money had long been spent to build low-cost housing in the cities, even though there were few non-government urban jobs available. However, only activist supporters of the political party in power were awarded housing units in the government projects. In some cases such housing projects built at different times by the two parties when they were in power were adjacent to each other. The boundary was a war zone. During election periods there was a lot of violence, and quite a few people were killed. However, the violence was generated at local levels, and the party leaders on all sides generally tried to discourage it. Common crime was high reflecting the poverty and lack of opportunities.

Q: Providing housing is one way to get votes.

BUSHNELL: Manley was a popular politician. The Jamaicans worked hard and effectively cultivating their relationships in Washington, especially at the White House and with the President. They got President Perez of Venezuela, who was another social democrat, to support them with the President. The Carter Administration and the President himself were taken with Manley and wanted increased US support to help him overcome Jamaica's economic problems.

I was sort of caught in the middle. On the one hand more assistance to Jamaica would be consistent with our Caribbean Group effort, but only if Jamaican economic policies were improved and its budget moved toward balance by reducing political pork spending and concentrating on projects that advanced the economy. On the other hand, the aluminum companies claimed their operations had been expropriated without adequate compensation. There were a number of laws and policies which required us to reduce or eliminate assistance if progress was not made on settling the large and difficult expropriation dispute. The IMF would negotiate a program with Jamaica, but Jamaica would not meet the required targets. Then Jamaica would push the IMF to revise the targets and push the U.S. to help with the IMF. For the whole period 1978-1980 there was this tension. I was continually trying to find ways to help Jamaica without conflicting with our policies against expropriations and for sensible economic policies.

I wrote several briefs for people in the White House, including the President, to get them to urge Manley to improve economic policies along the lines requested by the IMF, and I spent many hours with the Jamaican cabinet members myself. Manley did do a number of positive things although never enough really to justify the IMF drawings, but the IMF held its nose and several times gave Jamaica one more chance with the U.S. urging them on. We worked out a deal with great difficulty that sort of satisfied the aluminum companies at least temporarily. We were then able to expand our bilateral aid program rapidly. Once, when our way was blocked, we got President Carter to press the Venezuelans to increase their aid. However, I became increasingly aware that Manley and his government were too tied to their socialist dreams to ever make the sort of real policy adjustments on private investment, market allocation of resources, and effective government spending that would get the economy really growing. Sadly, we were just bailing water from a sinking boat. Then, the end of October or the first part of November 1980 there were elections in Jamaica as well as one in the United States.

Manley and the PNP lost the election, in which there was much violence with about 800 killed. Edwin Seaga, who supported the economic policies we were urging, won the election and almost immediately assumed power in the parliamentary system. He broke relations with Cuba.

Q: This is Thursday, June 18th, 1998. I'm John Harter with John Bushnell at the Association for Diplomatic Studies continuing our discussion of Jamaica.

BUSHNELL: Of course Seaga was going to need foreign financial assistance to change economic policies and get a productive economy going. The Carter Administration was packing its bags and had lost interest in Jamaica. Seaga had been elected; Reagan had been elected, and now we were finally going to get, I was quite confident, the right sort of Jamaican economic policy. Of course, when we got the right sort of economic policy, then our problem would be that we didn't have the money in our budget to support them Our Congress was back in session in December 1980, mainly, I recall, to complete its budget work. I happened to be standing at some reception with Congressman Dante Fascell [D Florida] and two or three other Congressmen who also had an interest in Latin America, both Democrats and Republicans. We discussed Jamaica, and they all thought we should increase our aid and really give the new government a chance to resolve all the old problems. The break with Cuba had gotten the attention of the Republicans, and the Democrats lead by the Black Caucus had long been active supporters of Jamaica. I pointed out that we had not budgeted with a change in Jamaican government in mind and the cupboard was bare. They said they were just doing the AID supporting assistance budget and would see what could be done. I really didn't expect anything to happen without even a request from the Administration, and I did not tell anyone about this encounter except the ARA officer who followed matters on the Hill. Within a couple of days this officer rushed into my office and said, “You wouldn't believe what those House guys did. They added 50 million dollars to the budget for Jamaica just like that.” Sure enough, it went through the Senate and there it was. That was a lot of money for a small country like

Jamaica, much more than our whole bilateral program in the Caribbean. What an election can do, or two elections perhaps! The Democrats favored it because they'd been in favor of helping Jamaica for a long time and many had friends in the Manley government, particularly the Black Caucus. Republicans favored it because they saw Seaga as a free enterprise, anti-communist soul-mate winning election at the same time as Reagan.

Q: We'll come back a little bit to Jamaica when we get into the transition period.

BUSHNELL: Yes, Seaga was the first visiting head of state.

Q: Let's go on to human rights. Actually we've touched on this briefly two or three times, but contrary to much that has been written, human rights wasn't an entirely new issue during the Carter Administration. For example, Eleanor Roosevelt was very much concerned with human rights at the end of the World War II. There was some background here.

BUSHNELL: Of course the United States has favored individual human rights and democracy around the world for many decades. Our best relations are with democratic countries with good human rights. What is new beginning in the 1970's is the promotion of human rights as a criteria that can veto all or most other criteria in relations with other countries. When I was at Treasury [1974-1976], we had the first legislation which tied our voting in the international financial organizations to human rights performance. Just as the Carter Administration came to power, the Congress mandated a human rights bureau in the State Department to press human rights criteria in competition with other bureaus which had political-military, nuclear non-proliferation, export markets, or other national interest criteria. Thus human rights became a really dynamic issue in the Carter Administration.

Q: But why do you think this new emphasis developed at this time? Was this principally an idiosyncratic thing with Jimmy Carter himself? Was it the cast of characters who were involved? Was it because in the evolution of history this was the time for it?

BUSHNELL: The thrust to establish human rights as a high priority criteria in foreign relations was driven by the Democrats on the Hill, but the intellectual support in my view came from a growing group of NGOs [Non-Government Organizations] which were concerned with human rights abroad, some specialized in a geographic area, some specialized in some population group such as women or children, some worldwide and general. These NGOs and their influence expanded geometrically in the 1970's. My guess is that progress on racial issues in the U.S. in effect freed people and economic support to focus on human rights abroad. Undoubtedly the advent of the jet, television, and other technological progress that made this a smaller world and brought the anguish of rights violations closer to Americans played a part. Some of the activism, and some of the leaders, of the anti-Vietnam campaigns moved on to human rights activism.

There is another way to look at this history, especially the linking of human rights to economic assistance. Foreign aid for a long time has not been popular with voters and taxpayers, and various groups that basically are favorably disposed to foreign aid look for arguments to sell foreign aid to the American people. Of course, the primary argument has been to stop communism. That's why we had the Marshall Plan in Europe. For places like Latin America, although there's some anti-communism argument because of Cuba, that's not enough to justify foreign aid by itself, so increasingly the rhetoric of administrations and Congressional supporters was that foreign aid helps develop the sort of countries that will be friendly to us and that will support our anti-crime, or narcotics or non-proliferation efforts. Often countries which have bad human rights and are not democratic tend to be countries that we have difficulties with one way or the other. Thus there is a reason to link good human rights and aid, just as there is a reason to link effective and efficient economic policies and aid.

Therefore, some NGOs and some Congresspersons and staffers began to try to build human rights considerations into foreign assistance and other legislation. Assistance legislation has long been a place were special interests of all sorts manage to have their day in the sun, resulting in legislation that is hard to administer. The constituency that justified foreign aid by saying it helped exports built in provisions that linked it more directly to US exports. The constituency that saw aid as being anticommunist medicine built in provisions that made it even more anticommunist. The people who support aid because they support Israel, earmarked money for Israel. So each of the constituencies on the Hill tended to move to get their provisions included in exchange for supporting the overall assistance legislation. In the 1970s the human rights constituency reached a point where the human rights link could be legislated.

If we look at Latin America — and this was worldwide legislation so it's perhaps not right to just look at Latin America, the 1960s and early 1970s were bad times for human rights. Many military regimes replaced civilian regimes with sharp increases in abuses of human rights. There were several guerrilla uprising with massive violations of human rights by the guerrillas and by the militaries which fought them. Therefore, in Latin America anyway, one could say that the 1970s was a logical time for people to become more excited about human rights. In the early 1960s human rights in Latin America were not nearly as bad as in the early 1970s. In fact it was this worsening of human rights in Latin America and the related move to the right politically that drove many Latin exiles to the U.S. and generated greater NGO concern with Latin human rights, partly promoted by the exiles who were, of course, strongly opposed to the military governments.

Many in State seem to think creation of the Human Rights Bureau reflected an understanding by the rights activists of how the State Department works and that a separate bureau would assure policy attention. I doubt it. I think the argument for a human rights bureau was more symbolic; if there is a environment office, a population office, an export promotion office, there ought to be a human rights office. However, the

establishment of the Human Rights Bureau under President Carter did provide a vehicle both to bring several activists into State and to give the NGO groups, which had been focused on the Congress, a central point of contact with the State Department.

Q: Patt Derian has been given a great deal of credit for her personal role in raising the priority of these issues. Do you think that's deserved?

BUSHNELL: The establishment of the Human Rights Bureau was a key institutional change. If it had been headed by a career officer who didn't want to make waves, the history would have been quite different from staffing with experienced activists who did want to make big waves. In that sense, yes, she made a big difference. However, although none of them had been human rights activists, Carter, Vance, and Christopher all had a lot of sympathy for and a lot of support for the sort of human rights positions that had emerged on the Hill. Moreover, Patt was not the only activist placed in senior positions in State. Thus, a much greater emphasis on human rights came together in many aspects with the election of Carter. Whether it would have been fundamentally different if the Republicans had won the 1980 election? It's hard to say. HA probably wouldn't have had the same sort of staffing, and human rights would not have gotten as much attention, but I think the Human Rights Bureau would have steadily gained influence. The direction would have been the same, but not the speed.

Patt was influential in setting the tone for the work of the Human Rights Bureau with its strong emphasis on public outcry and visible sanctions. While she should be given much of the credit for making human rights the main issue very quickly during 1977 and 1978 in our relations with South and Central America, excluding Mexico, Cuba, Panama, and the Caribbean, it is perhaps interesting to speculate what the contribution of the Human Rights Bureau might have been over the years had there been a slower more institution-building approach. Patt's and the other activists' focus was on reacting to high profile abuses that had taken place, generally after they had occurred and after the situation was already improving. An alternative or additional approach for the HA Bureau would have been to

provide early warning and try to head off massive rights abuses before they occurred. Could the tremendous massacres in AfricSudan, Uganda, Burundhave been avoided or mitigated if such abuses had been made a principal focus of HA? Could more have been done about the human rights situation in much of the Arab and communist world where individual rights abuses were much more institutionalized and continual than anywhere in Latin America if HA had focused on the worst human rights abuses instead of those most pressed by NGOs in the United States?

Q: Tell us about Patt Derian. Did you interact with her?

BUSHNELL: Oh, yes.

Q: Pluses and minuses?

BUSHNELL: Let me first describe the differences in approach between an activist such as Patt and a diplomat such as myself. I saw the objective, what we wanted to do, as being to improve human rights in the Latin American area. I was concerned with each individual country there, and they are all different in many respects including the human rights situation and the causes of human rights problems. To me the objective was to move forward and get improvement in human rights. Certainly that's what the President, the Secretary, and even Patt Derian said was our objective. Now, as a diplomat, as a Foreign Service Officer, to solve any problem with a country, you look at what is going to work best in that country at that time to accomplish your objective. Then you try to proceed along those lines to the extent you can within the general policy framework. The problem I had with Derian and with the other human rights activists was that they were driven much more by making sure that our human rights actions were seen by their domestic constituencies and that strong human rights precedents were set than with progress in a particular country. I had sort of a foreign constituency that I was focused on, trying to get progress on human rights performance. They were much more domestically focused in making sure that their domestic constituency saw that human rights was driving our policy

toward Country A, so visibility drive became more important than accomplishment drive. Now, many times our approaches were the same. It made sense in my view to do some highly visible things, and Patt would agree. The problems arose when we in ARA thought quiet diplomacy and a reduction in our rhetoric would generate more progress that public criticism or public actions.

Q: You mean the activists were more concerned with their press relations and Congressional relations and NGOs?

BUSHNELL: Yes, more concerned with the public record. In many cases, you can accomplish more with quiet diplomacy than you can with the bully pulpit. Patt Derian's preference in every case that I can think of — probably there were some exceptions, but in virtually every case — was the bully pulpit. It was impossible to convince her that one would get better human rights improvements in Country X, whatever it would be, by quiet diplomacy than with going public and making a lot of noise and condemning the leadership. She said to me once, “You can't getanywhere negotiating with the devil.” I pointed out that I had spent years at the NSC with Kissinger who spent a majority of his time negotiating with North Vietnam, China, and Russia. All I thought qualified as devils, even on human rights grounds. I thought Kissinger had made quite a bit of progress although not every negotiation was a success. She replied that human rights was not what he was negotiating.

Q: And you're dealing with Latin America.

BUSHNELL: Right, and improved human rights was the number one objective of the Carter Administration in most Latin countries. Patt's approach proved counterproductive so often that I was sure it would be moderated or would lose support from the Secretary. During the second two years of the Carter Administration she did have less support from the Secretary, the Deputy Secretary, and the White House at least on Latin America, but I

think this change was driven much more by the press of other international events after the Russian invasion of Afghanistan and the Sandinista take-over of Nicaragua.

Perhaps it is the extreme end of the spectrum of action, but early in the Carter Administration arrangements were frequently made for Patt to visit countries where there were serious human rights problems. In Latin America where the current human rights situation was generally improving, I thought such visits were an opportunity for progress through quiet diplomacy. Leaders might explain their program and schedule for a return to democracy, for release of political prisoners, for disbanding police units that tortured, for example, and they might even speed up these things to gain favor with us and perhaps mitigate whatever sanctions had been imposed. But, whenever Patt Derian met privately with the leaders of a country to try to encourage them to move forward, she would immediately meet with the press and condemn the human rights situation and the leaders, pointing out all the bad things that had happened in the country even years earlier. In a couple of cases leaders indicated improvements they planned to make soon but were not yet ready to announce. Patt immediately announced them to associate the improvement with her visit; the improvement then did not occur or at least not as soon as it might have. Of course, her reputation spread and governments became reluctant even to meet with her.

Q: Did she travel overseas much?

BUSHNELL: At first she did quite a bit. After a while, nobody would see her, and nobody wanted to send her either. Senior non-career officers on her staff performed the same.

Then there was the problem of leaks. Many of the books about this period deal with the frequency of leaks which were believed by many to affect policy decisions. It is part of the traditional policymaking process in the State Department for different offices and individuals to argue alternative policies. It is this process of intensive argument that both informs the principals, who can not be expert in all the issues, and also frequently

leads to identification of better options. Once the policy is decided or it is decided not to change the policy, everyone in State, whatever their personal or bureau views, cooperates to implement the policy. This policy formulation and implementation process is part of State Department custom and tradition. It was also the custom, and the law since most policy papers were classified, that no one goes public during the formulation stage or in opposition to the policy after it is decided I often testified in Congress and explained on television and to the press policies which I had opposed during the formulation period. I presented what I considered were the best arguments. Sometimes I would say the argument for policy A was so and so instead of saying why policy A was justified. There were times when a member of Congress would say he knew I was not for a policy and how could the Administration support it. I would not lie and say I supported the policy, but I would not confirm the member's contention but merely repeat the arguments for the policy.

It is my belief that the human rights activists frequently would leak information and arguments to the press during the policy formulation process. In some cases whole memos, even confidential or secret memos, or at least the parts they agreed with, would appear in the press before a decision had been made and in some cases before the memo had been seen by the principals. It was part of their pressure tactics. Before they had joined the Carter Administration the press had been their principal implement to gain attention for their causes. They had much experience in generating press attention and a press slant on a problem just before it was considered by a legislature, for example. Of course we regularly did the same thing but with different timing. Once a policy was decided we would promote interest in the press and perhaps even a slant so that there would be an understanding of the policy and support for it when it was announced.

Patt Derian and the other activists saw the policy struggle in State as guerrilla warfare, not as intellectual work laying out alternatives on which reasonable people could understandably come to different conclusions. Leaks were also part of the bully pulpit approach versus the quiet diplomacy approach we diplomats tend to favor. Phil Habib, Terry Todman, Pete Vaky, and I were no less interested in improving human rights in

the country in question, but we saw different ways of doing it. In South America this bully pulpit approach was particularly awkward because, almost without exception, by 1979 human rights had improved and there was a free press which picked up Patt's or State's comments on a country as front-page news even if it barely made the back pages in the United States. On the other hand in most Communist, Arab, and dictatorial African countries there was press censorship, and Patt's remarks did not give governments a stomach ache.

Perhaps my most frustrating debate with Patt and the other activists concerned the issue of punishing the military leaders of Latin American countries for the human rights violations they had caused or condoned. I pointed out frequently and was very aware that the military in these countries was the only group with lots of guns and physical power. It was feasible and even in the Latin tradition to get them to return power to civilian elected officials. However, I did not think it was feasible, as long as they held the guns, to convince the military leadership that they should agree to go to jail for the rest of their lives, or for that matter that they should even give up their pensions. Patt thought our policy should be to insist on punishment of those responsible for human rights violations before eliminating our sanctions. I saw a punishment policy as a big block to getting a return to democracy and good current human rights. Patt was right that punishing military leaders who had engaged in human rights violations would be a good precedent reducing the chances of such actions occurring in the future and even in other countries. I argued that strengthening democracy on a current basis was an even better way of avoiding future human rights problems and that a punishment policy would delay and perhaps even prevent the return to democracy.

I argued many times with Patt on the other side or Mark Schneider, her deputy, that we'd make more progress in Argentina, Uruguay, and Chile if we recognized that the military, who had done these terrible things but were no longer doing them, were not practically going to be executed or even sent to jail. Our objective I thought was to get them out of power, and that would be a lot of human rights progress. It would improve

the lives of the rest of the people in the country. If one insisted on putting the military in jail, we probably would not get them out of power. Patt didn't favor the death penalty, but sometimes she would get carried away and suggest torturers should be shot. I knew each society would have to sort out the problem of punishment in its own way, but it would be a difficult enough problem for them and it was counterproductive for us to be promoting and articulating and using the bully pulpit in terms of punishment. This difference between HA and ARA was never really addressed by Christopher or anyone else senior in the Carter Administration. Decisions tended to spilt the difference. Generally sanctions were reduced as democracy returned, but the rhetoric of Patt and others continued to define lack of punishment as a continuing human rights violation.

Q: How about Mark Schneider, her deputy?

BUSHNELL: Patt Derian tended to talk in extremes. I think that was mainly show and tactics. Mark tended to choose words more judiciously, but I don't think their underlying beliefs were significantly different. Mark wasn't by nature such a flamboyant person.

Q: Well, he'd been a Peace Corps volunteer in Central America, and he had worked for Senator Kennedy on the Hill. He had a sort of broader background, I guess.

BUSHNELL: He certainly had more overseas experience, which was sometimes helpful. Patt had almost no overseas background and didn't really have any understanding, in-depth understanding, of Latin American societies and what would work in the Latin context. Mark and others in the Bureau would bring a more practical outlook to the table. Some of the most extreme arguments Patt would make in meetings would never appear in memos. I'm sure Mark and her staff got rid of those, talked her out of things that were sort of wild.

Q: Schneider was principally concerned with Latin America?

BUSHNELL: It certainly seemed that way. He had been a Peace Corps volunteer in El Salvador and spoke Spanish. When he had been on Senator Kennedy's staff, he had been a principal contact of NGO's concerned with Latin America, especially Chile. So he spent, I think, more time on Latin America than on other areas. But in fact the entire Human Rights Bureau spent a good proportion of its time on Latin America. I assumed that someone had made it clear to Patt early in the Administration, before I joined ARA, that she should limit use of the bully pulpit on human rights in communist countries because the Carter Administration had other fish to fry with the Soviets, Chinese, and their allies. We were not going to negotiate a human rights agreement with the Russians and with their satellites instead of negotiating a nuclear agreement. That major area of the world was basically denied to HA even though in many respects human rights there were among the worst, particularly if you consider the institutionalization of human rights abuses such as torture and prison for political offenses. The Arab states also seemed to be too sensitive for Patt to be allowed a major role, and many of them did not receive economic assistance. What sanctions were we going to impose? Refuse to buy their oil? HA therefore concentrated on Latin America and to some extent Africa.

I think it was mainly because of Africa that a policy was adopted that we would approve economic assistance where it helped provide the basic needs of the poor unless the human rights situation was really one of the worst in the world. Many of us argued it isn't logical that, because there is a terrible government oppressing the people, we should make the situation worse by stopping economic assistance that would meet basic needs. Thus this criteria of so-called basic needs evolved under which we wouldn't use human rights sanctions to stop assistance that reached primarily and directly the poor. Much of the assistance in Africa was deemed to meet this criteria, but in Latin America, where most of the countries were more advanced, most assistance was directed to improving the productive apparatus and the infrastructure to help the countries sustain growth, and to such fields as technical education and urban water supplies where the beneficiaries were more middle-class. Ironically, in Africa some dictators would gladly let their people

starve and do without medicine while they built there Swiss bank accounts. Thus AF [State African Bureau] could argue that assistance money was not fungible, i.e. providing assistance for basic human needs would not free up funds for military or corrupt uses. There was no Latin country where I could make such an argument; in other words no Latin government treated its people nearly as badly as some African governments. Deputy Secretary Christopher insisted we consider human rights on a country by country basis and not make comparisons among countries. Although he did not say it, I assumed he really meant other US interests are different among countries.

Q: Was Steve Palmer or anyone else in the Human Rights Bureau especially concerned with these issues in Latin America?

BUSHNELL: Steve worked in HA on the annual country reports in 1978, but he then went to Geneva and did not become the principal DAS in HA until toward the end of 1980. Soon after he got there the Reagan Administration came in and the whole approach to human rights in Latin America changed. HA had several middle-grade foreign service officers who did a lot of first drafts. I seldom saw these early drafts of memos, but ARA desk officers told me they were usually more balanced and even-handed than later drafts which had been edited by Patt or Mark. I recall Steve as being fairly reasonable on the annual human rights reports.

Q: I think that was practically his full-time job.

BUSHNELL: It was in 1978. I spent quite a bit of time on these reports, and there were difficult struggles between HA and ARA over these reports. Patt Derian, Mark Schneider, and others, saw the human rights reports, which by Congressional mandate we had to prepare on all countries as part of the Congressional thrust of raising the image of human rights, as a bully pulpit to condemn governments. I thought that, where a country was making progress — where they were releasing political prisoners, where they were giving more press freedom, where they had complete religious freedom, where they had local

elections that were free and open — it was important for us to be positive on the good things as well as negative on the bad things. Moreover, I thought we should concentrate on the past year and not restate human rights problems over the last decade except where the same abuses continued. ARA's problem was that in most Latin American countries by '78/'79/'80 human rights were being improved rapidly, but what we saw as constructive progress HA saw as all the more reason to stress rights abuses in previous years for which those responsible had not yet been punished. We found it possible, but not easy, to reach agreement with HA on description of human rights during the year covered by the report. However, many of the abuses which the activists wanted to criticize happened in previous years. I guess if someone is killed in 1975, it is correct to report again in 1979 that no one has been prosecuted for the death. But I think the more important point is to report that no one was killed in 1979 and recognize that stopping the killing is improvement. Spreading power more widely was the basic way in which human rights were improved with a free, open election as the end of that process. But a lot could be done before a country got to a completely free election in terms of spreading power more widely and improving the practices of the police forces, the military, and even holding local elections.

There were tremendous struggles through those years in drafting the annual human rights reports to try to come to some balance of these two views for a lot of the reports. In quite a few cases the conflicting views of HA and ARA had to be referred to the 7th floor for resolution. We ended up with what, I think, were unfortunately some pretty unbalanced reports. By the time I began reviewing these reports in 1978 desk officers in ARA were gaming the process. ARA usually wrote a first draft, and desk officers for countries with major human rights problems did not write a first draft as though it might be the final report. Instead they would leave out quite a few human rights problems to give themselves room to negotiate with HA. Even after ARA and HA had reached agreement I sometimes had to add human rights problems that had slipping through the cracks as well as, more commonly, objecting to the balance of the report. I also regularly had to toughen the report

on Cuba because HA did not do its usual stressing of the negative when it came to Cuba, but I did. I recall one meeting with HA where I was making many of the same arguments to toughen the Cuba report that HA had just made to me on Central American reports.

Usually before I saw a draft report there were numerous long meetings between HA and ARA country directors and desk officers, with Patt Derian personally working to toughen these reports. She spent a lot of time on these reports and so did Mark Schneider, for the countries that they were interested in, for a dozen Latin American countries and, I suppose, countries elsewhere in the world. I had a couple of country directors who finally told me they wouldn't meet with her because she would abuse them and threaten them in ways that were entirely outside the Foreign Service experience. At times it seemed Patt thought some ARA officers were part of the governments that were committing human rights abuses instead of accepting that in the US government differences in views should be expected and even encouraged.

Q: I gather one of the reasons she was so influential was because she was strongly supported by Warren Christopher as Deputy Secretary, who apparently personally and strongly supported the emphasis on human rights. Is that correct? He had an interagency committee on human rights. Could you explain that?

BUSHNELL: My perception was that Christopher strongly supported the objective of making human rights a key element of our foreign policy. In 1977 I think he saw the Todman versus Derian battles in this light and thus often sided with Patt. Christopher did believe in the importance of the U.S. fighting strongly for human rights. But I think he was more interested in results than in the fight. Soon after I took over the principal DAS job in ARA Christopher had the four ARA DAS for lunch in his private dinning area, Frank McNeil, Sally Shelton, Dick Arellano, and myself. I suspect Phil Habib had encouraged him to get to know us. During this lunch I said the first year of the Administration had established that human rights was central to our policy in Latin America, now the challenge was to include human rights fully in our diplomacy with all its tools so that we got results

and would be able to point to real human rights improvements. Christopher agreed with me and invited me to point out personally to him when there was a better tool or path than that suggested by other bureaus. I did so on a couple of occasions. A few times when Christopher decided something I was strong about in favor of HA over ARA, he called me to say he understood my position but at that moment he had to do something for Patt. Once he asked for me to bring the issue up again in a couple of months, when he approved the ARA position. My experience was that, if one presented an issue to Christopher as a choice between the bully pulpit and quiet diplomacy that showed some chance of getting results, he was more on the side of getting results.

Governments would get very annoyed at negative annual human rights reports and State Department condemnations of one act or another, but what really affected governments where it hurt was opposition to AID or IFI financing. Such opposition was the 'sticks and stones that break bones, while words never hurt.' In order to implement this link between human rights and development financing, especially financing by the IFIs, the Carter Administration set up an interagency committee chaired by Christopher to make recommendations on votes and decisions on financing to the cabinet members. The main purpose was probably to draw in other agencies such as Treasury, Export Import Bank, OPIC, AID, Commerce, and Defense (for military assistance) to be part of the process of implementing our human rights policy. By the time I was involved at the beginning of 1978 the participation of these agencies was pretty routine, and they seldom commented on the human rights aspects. Sometime they referred back to the basic charters of the Export-Import Bank or the World Bank which said that political conditions — they saw human rights as being political conditionare not something to be considered as opposed to export promotion or development. But President Carter's and Secretary Vance's support of this human rights link had pretty well ended this debate. Thus the main controversies in the committee tended to pit HA against the regional bureau of the country in question, most often ARA. When the regional bureau and HA were in agreement, there was generally little discussion.

Christopher always chaired personally. Regional bureaus were represented by the assistant secretary or a DAS; usually both Patt Derian and Mark Schneider attended; other bureaus and the economic agencies were generally represented at the office director level although an occasional DAS or assistant secretary would attend if that office had a major issue to raise. The NSC was represented, but only Bob Pastor who covered Latin America played an active role. Country Directors and others sat around the walls of the room, but they seldom participated. This was not a democratic procedure. Christopher listened to the arguments: generally Human Rights saying why some financing should not go forward and Defense on military assistance or Export Import Bank or the regional bureau arguing why it should go forward. Christopher would listen to the arguments and then, subsequent to the meeting over the next few days, would decide, and his staff would communicate the decision. In theory he was making a recommendation to the Secretary or the President, but in fact his decision was final although he may have consulted before making it.

I attended all the Christopher Committee meetings during my tour unless one was held when I was traveling, which I do not remember happening. Todman refused to attend. Vaky and Bowdler thought it was better if I attended and, if things were going against ARA, they could make a private pitch to Christopher. Some regional bureaus would send only the country director involved. Maybe they would have only one country on the agenda, so they'd send the country director for that country. Because of this changing cast of characters from the regional bureaus and economic agencies while it was always Derian and Schneider from HA, Patt and Mark had developed a style to bring Christopher in their direction. So I decided it was wise for me to attend all the meetings to give me the same continuity they had. There was never a meeting without two or three Latin American countries on the agenda. One began to see what Christopher's frame of thought was, and one could frame the issues to fit into his thinking, for example between the bully pulpit and accomplishing things or between other issues and human rights.

Also my credibility was enhanced by the fact that I helped move the ARA position to be in agreement with HA on several countries. Usually Christopher would ask me to speak first on Latin American issues. I might indicate that we should oppose a loan, giving a short summary of the human rights reasons. Christopher would ask Patt if she agreed. She could never just say yes; she would recite all the terrible human rights violations of the past few years. When I argued for approving a loan, I generally gave a summary of the human rights problems but stressed whatever progress had been made. Patt generally gave pretty much the same speech, trying to show the human rights situation was worse than I had indicated. ARA pretty well accomplished its objectives. It was a minority of times that Christopher decided against ARA.

Q: Christopher had a special assistant for human rights, Steve Oxman. Was he influential?

BUSHNELL: He was a good staff person. As he handled both Latin America and human rights, he was very important to ARA. I found he was quite reliable in getting a message to Christopher. If, after a meeting, there was something that I should have said that I didn't get said and I communicated it to Oxman, he would pass it on Christopher. He communicated back Christopher's positions fairly. He had a sort of thankless job, because people from both sides, both from HA and from other parts of the State Department, would bang on him trying to lobby him in effect. I thought such lobbying was inappropriate, and I thought Christopher made his own decisions. There may have been times that Christopher asked Steve for his opinion. My view was that ARA should treat Steve very professionally and make sure he was informed but not try to lobby him. I never felt that he wasn't fair with ARA.

Q: Did you feel that Christopher was pretty objective?

BUSHNELL: Yes, I felt that he was quite objective. I understood that at times he had to do things for one or another US pressure group or special interest. It was his job, much more than mine, to take into account various groups or individuals that were important to the

Democratic Party. If some domestic consideration outweighed the foreign policy reasons I presented, that was his call, and I understood that situation reflects our political system.

Q: How did Phil Habib fit into this, if at all?

BUSHNELL: I think Phil would say he had as little as possible to do with the Christopher Committee and those decisions. This was Christopher's game. Christopher was his boss, after all. Phil was a career man, and Christopher was the political appointee close to the President, the Secretary, and the Democratic Party. Phil was responsible for the regional bureaus, and they sometimes would go to him to say, “Now Christopher has made the wrong decision. Can you get him to reconsider? Will you raise it with the Secretary?” He did occasionally go back to Christopher on an important issue, but seldom at least for ARA during my time. When Christopher was absent or unavailable, the Under Secretary for Political Affairs normally acted for him and made the decisions. I don't recall that Phil ever actually chaired a meeting of the Christopher Committee. If Christopher wasn't there, we didn't have the meeting, but there were many human rights decisions that were taken on the basis of decision memos. His advice to me was that...

Q: And, of course, he had a hand in bringing you into ARA.

BUSHNELL: I forget the exact words he used, but it amounted to saying that we had one of the biggest dog fights that we have ever had in the State Department, which is too bad, but really there's not much anyone can do about it. “My advice to you is to be as professional as you can, but don't get eaten.” That's what I did, and what ARA did. We did not ask Habib or later Dave Newsome to fight our battles. I think sometime early on I asked him if it he wanted to be involved if we were going to appeal a decision to Christopher. He said, “Go to Christopher as much as you want,” and Christopher had invited me to raise important issues directly with him. I felt that throughout my time in ARA, if I really thought a serious mistake was being made, I could certainly ask to see Christopher and independently make my case. And I know that Patt Derian did that with

great regularity, not necessarily with great success, but with great regularity. But I didn't feel we needed to appeal often. In fact, I thought we were better off to limit our appeals to the most important issues because we would then have more chance of getting full consideration. My experience was that on the few occasions when we did appeal, we got some satisfaction, some modification of the position, maybe not everything we wanted, but something.

Q: Don Tice was Habib's staff aide. Did you work with him at all?

BUSHNELL: Yes, I worked with him a lot, but I don't recall him doing much on human rights. I think he often sat in the back at the Christopher Committee to report to Habib what was going on, but I don't recall that he was a player on these issues.

Q: Habib had a massive and crippling heart attack in March '78 just as a lot of these issues were heating up. He was pretty quickly replaced with David Newsome. Did that make any substantial difference? Newsome said in his interview for the Association for Diplomatic Studies that he spent a great deal of time on these issues, especially on Nicaragua.

BUSHNELL: I don't recall that Newsome was any more active on the Christopher committee than Habib had been. But Nicaragua became a major political issue after the middle of 1978 and continued to be a major issue through the rest of my time in ARA. There was a major intelligence side to Nicaragua even under the Carter Administration, and Newsome was the senior State person for these matters. I was not the action officer for political matters in Nicaragua as both Vaky and Bowdler were the prime movers in ARA and devoted a great deal of their time to Nicaragua. Once the negotiations started soon after the arrival of Vaky in mid-1978, human rights issues in Nicaragua got little attention. Even before that economic assistance was removed from the Christopher Committee agenda. HA and ARA had been in agreement on cutting back bilateral aid and opposing many IFI loans, but the Congressional pressure I mentioned earlier caused the White House and the Secretary to continue most of this assistance.

The only human rights issues I can recall in which Habib was involved were military assistance issues, not economic assistance. Phil came back to work after his heart attack; I remember going up to his office more than once, probably three or four times, when he'd want to see me and he'd say, “Come up when you finish lunch.” He'd apologize because he was laying down on his couch, and he'd say, “You know, the doctors tell me I have to lay here for so many hours a day, so come over here and talk to me.” That I think went on for several months before Newsome came in.

Q: How about the Policy Planning staff? Were they involved with the Christopher Committee?

BUSHNELL: Oh yes, they were heavily involved. I should have mentioned them as a regular and active participant. Paul Kreisberg, the senior deputy to Tony Lake, often attended, and Richard Feinberg, the Latin American specialist, was almost always there although he seldom spoke and then only to support HA.

Q: Of course, he was the principal Latin American person for Clinton in the early part of the Clinton Administration.

BUSHNELL: Actually I had hired Dick at Treasury in 1974 or 1975. He had just finished his PhD, and he was hired as an economist. I don't think I interviewed him. Often I approved hires on the recommendations of my staff after reviewing the file. Dick worked with me for over a year, primarily on Export-Import Bank matters; export financing had been the topic of his thesis. I don't recall any Latin America matters he worked on during my time at Treasury; I remember he was the action officer trying to stop or modify a big Ex-Im loan to Zaire and he probably dealt with some lending to Latin America. At State he was much like Mark Schneider. He knew a good deal about how the world worked. He wasn't as domestically oriented as Patt Derian, but he was still very much in favor of the bully pulpit. He spent virtually all his time on ARA matters and unfortunately did not develop good relations with the country directors and desk officers, most of whom thought he tried

to get too much into minor details beyond the role of Policy Planning. Both Feinberg and Schneider conducted what I considered guerrilla warfare. After a policy decision was made against them, they would try to move the action cable back to their position, putting a lot of pressure on the drafting officers. More then once my staff gave me a draft cable growing out of a meeting I had attended which did not really reflect the conclusions of Christopher or Vaky or whoever chaired. When I asked where the garbage had come from, it would turn out to be something that Dick or Mark was insisting on. Often the drafting desk officer had not been at the meeting but had only been briefed by myself and/or others. Dick and Mark had been at the meeting and used their first hand knowledge to push the drafter toward their position. I complained about this Feinberg tactic to Paul Kreisberg, who was a career FSO and fully professional; Feinberg then seemed to back off for some weeks.

After a couple of meetings of the Christopher Committee I could see it was an imperfect forum for getting an interagency human rights strategy. The agenda was how would the U.S. vote or act on such-and-such loan; the discussion tended to deal with the development project and the current and historical human rights context rather than looking where we might go, what was going to happen down the road, how we were going to get to where we wanted to be sometime in the future, and how this decision would fit into a strategy to improve human rights. We didn't discuss alternative strategies or sanctions to voting against the particular piece of business before us. Of course most of the participants did not have the knowledge of the countries to engage in that type of discussion. Thus I concluded the main objective of the Christopher Committee was to insure we were applying economic human rights sanctions in many places and doing much more on sanctions than any previous Administration. Where we didn't have important other interests in a country and the country was not improving human rights nor likely to do so, that approach didn't matter.

Paraguay is an example of a country ARA decided didn't matter. We didn't have any major objectives in land-locked Paraguay; Brazil and Argentine were always more important than the U.S. to Paraguay. Paraguay was sort of in the middle on human rights in South

America. It had a dictator who had ruled for longer than Castro, but he wasn't killing people, he had very few political prisoners, he was sort of a benevolent dictator doing quite a few reasonable things in the economic field but enriching mainly himself and his Colorado Party associates. There were controlled elections every five years, but General Stroessner assured he and his Colorados were elected, partly by dividing and bribing the opposition. There was no sign of honest electionsin the foreseeable future. Thus ARA proposed voting against loans to Paraguay and ending the bilateral AID program. HA supported. AID opposed. Treasury opposed voting against loans clearly for basic human needs; the basic human needs exception was agreed; thereafter the debate in the Christopher Committee on Paraguay was only whether or not a project met the poorly defined basic needs criteria.

In most countries we did have other objectives in addition to human rights improvement. In Argentina we were very concerned with nuclear nonproliferation because Argentina's nuclear program was by far the most advanced in the southern hemisphere and it had not accepted international inspections and safeguards. Its nuclear program caused Brazil to invest heavily in nuclear science, and both countries had the potential to develop atomic bombs in the 1980's. The more we made Argentina feel like an outcast, the more likely it would feel it needed nuclear weapons. We were also concerned with maintaining the peace. In 1978 Argentina was close to war with Chile over their boundary dispute in the South. During my time in ARA the Argentine economy was booming and our exports to Argentina were growing fast. We also wanted cooperation from Argentina on opening European agricultural markets because Argentina exports the same grains and soybeans we do. There was growing US private investment in Argentina, and the government made steady progress in resolving the inherited expropriation disputes. In short there were a lot of issues in addition to human rights on the US agenda with Argentina. Moreover, by 1978 the Argentine human rights situation was greatly improved. The military had won the war with the urban guerrillas, and the guerrilla leaders who had not been killed had fled to Cuba. People no longer disappeared; the number of political prisoners was falling fast.

Press freedom was restored. However, the military was still in charge, and there was no sign of early elections and a return to democracy. Argentina did want loans from the IBRD, IDB, and Ex-Im even though it did not really need the money. It was hard to argue that most projects were for basic human needs in a country as rich as Argentina at the time.

Because the human rights situation was improved and continued improving, ARA argued that tightening our sanctions by voting against economic assistance would send the wrong signal on human rights and make it much harder for us to make progress on both our others interests and on continuing human rights improvement and a return to democracy. In the Christopher Committee I was supported by Treasury, Commerce, Ex-Im, and other economic agencies. HA wanted to vote no. Patt would explain what terrible killers the military leaders were. I would point out the guerrillas had been killing people on the streets of Buenos Aires every night and blowing up generals in their beds. I tried to make the case that killing in what really was a war was different from killing the opposition for political or economic gain. Patt would always have some cases where people who at least appeared to be innocent were picked up by the military and disappeared. As I recall, the debate was inconclusive. Once or twice I proposed delaying a loan to see if we could get some specific movement forward, such as the release of some political prisoners. Such proposals were unusual in the Christopher Committee, but this worked at least once. The prisoners were released, and we voted for the loan. We may have opposed some loans in 1978, but Christopher generally found for ARA and the economic agencies. After the Argentines cooperated on the Russian grain embargo following the invasion of Afghanistan, we regularly approved loans although we made little progress on the nuclear issualso a major concern of Christopher.

Q: You say Policy Planning got involved in the small tactical issues and never in the strategic?

BUSHNELL: Oh, they got involved in the strategic too, but everyone recognized that as the traditional role of SP.

Q: I'm under the impression that Tony Lake was off on other big issues, but Paul Kreisberg, his deputy, apparently was somewhat involved in this.

BUSHNELL: Kreisberg generally attended the meetings of the Christopher Committee and spoke for SP, which I considered to be positive. Paul generally supported Feinberg's position, but Kreisberg was not a wild man. He was a career officer, and he would present SP's position in a calm and professional way. I'm hard pressed to think of a human rights issue on which the Human Rights Bureau and the Policy Planning Bureau differed at the staff level, at the Feinberg level. There were a number of issues where Kreisberg and Lake refused to join the Human Rights Bureau; they would overrule Feinberg. Sometimes Policy Planning would take no position or sometimes even take the ARA position, for example on Argentina at least at times.

Q: At the White House. A young fellow, Bob Pastor, was in charge of Latin America.

BUSHNELL: Yes, Bob Pastor would attend Christopher Committee meetings. When he took a position, it was usually not clear to me if he was speaking for Brzezinski and the President, or just for himself. Sometimes, he would say he was not speaking for the President who had, of course, not addressed the issue. Yes, Pastor, Schneider, Feinberg, and Shelton were all young, meaning their early or mid 30's. But they had all had 'approaching a decade' of Washington experience. They represented a new generation of policymakers in the Democratic Party; they were very hard working and dedicated. I think the older generation of Democratic foreign policy people such as Vance and Christopher thought it was important to develop these people as assets of the Party. It was hard for most FSO's, including at times myself, to recognize that from the point of view of a Vance or Christopher it was more important to develop and give experience to these young Democrats than to FSO's who would serve whatever administration.

I think, if you did a scorecard, Pastor was probably with the ARA position in the Christopher Committee as much as he was with the HA position on the issues where

we disagreed with HA. Some in ARA, including Todman and several office directors, thought Pastor was HA's trump card. I thought Pastor's role was about the same as I had played when at the NSC. He often had good ideas, and he was often very helpful to ARA, for example on the Panama Canal Treaties. Christopher paid a lot of attention to him. I thought Christopher paid too much attention to him. Bob thought Christopher paid far too little attention to him.

Q: Before we start going country by country now, is there anything else you should say about either the overall institutional situation or the principal cast of characters?

BUSHNELL: I might emphasize the deficiency of the Christopher Committee with a Chilean example because it began in the Committee and illustrates the problem of a loan by loan approach to human rights and US signals. At one point when we were discussing a loan to Chile, I decided to put it in the overall perspective of our relationship. In part I wanted to activate Defense to support ARA instead of just protecting its turf. We were debating making Chile an exception where we would vote against a basic human needs loan, unlike in almost all the rest of the world.

There was no reasonable analysis that would show that the Chilean human rights situation in 1979 was among the worst in the world. The problem was that Chile was the prime target of the human rights activists. Chile didn't have a democratic government, but there were few political prisoners, at least nonviolent ones [I did not consider those that tried to kill Pinochet or that helped import a ship load of arms from Cuba as political prisoners]. The military and police were not killing anybody, disappearing anybody, although Patt could point to a couple of cases where policemen did abuse people. Pinochet and the military were laying out a program to move slowly toward free elections. The press was largely free. It was not a bad situation in 1979, especially for a military dictatorship, but remember we did not oppose loans for most dictators and certainly not basic human needs loans. Of course, President Allende had been killed, and there were a couple thousand people killed at the time of the revolution in 1973. It was a revolution, a war, and people

get killed in wars; always happens. But in addition to the people killed in the war, there were another few hundred people that were rounded up and killed, sort of the young leftist leadership. Two people had later been killed on the streets of Washington for which the Chilean intelligence service seemed to be responsible. But a lot of time had gone by since these abuses. There was no way to see Chile in 1979 as nearly as brutal and tough a regime as we were facing in El Salvador or Guatemala or, for that matter, even in Peru at the time.

I then looked at the signals we were sending Chile. We were voting against sound economic loans despite its good economic policies because of its military government. But we had a large presence of US military working with this very military government in quite a few programs. We had stopped most military assistance, but the military has lots of ways to build relationships. Thus in the Christopher Committee I said we had to vote for the basic human needs loan or our signals to the Chileans would be completely wrong given our military programs in Chile. We still had a large military assistance group working with the Chilean military even though there was no material assistance. We were doing military exercises with the Chilean military several times a year including some fairly large exercises very visible to everyday Chileans. In several ways such as financing mapping we were even providing budget assistance to the Chilean military.

I said it doesn't make any sense that, because we don't review military presence or military exercises in the Christopher Committee, we should be taking quite extreme action against a government because it is a military government, while the U.S. goes willy-nilly doing naval exercises and giving military technical assistance and maintaining the same number of military assistance personnel living with the Chilean military. Any reasonable Chilean would think we are against the civilian government and for the military. It's absurd that in the Chilean government you had a group of economists who hadn't ever killed anybody or imprisoned anybody and who favor what we favor and they are having great success in following modern economic policies and we tell them they can't get a loan to help the poor because of the human rights violations of the military, whereas with the military people,

who have done the human rights damage, we do joint exercises . Well, my presentation was a bombshell. Christopher agreed completely that this was an absurd situation. Patt was appalled. HA couldn't believe that I was doing this. HA knew about some of the military programs, but they hadn't focused on them.

So much to the chagrin of DOD, we then, outside the Christopher Committee, did an exercise in order to curtail this military interface and adjust our military posture with Chile, which was clearly something that we should have done long before, five years before, or at least at the very beginning of the Carter Administration. I was made the main action officer and found myself in a strange position because I had usually been able to work harmoniously with DOD. I was surprised that Defense was extremely strongly opposed to each and every change. I thought that taking out the dozen underemployed officials in the military assistance group would be just wise use of resources; Defense would still have their attach# officers. I found it amazing that nobody took those people out when military assistance was stopped. But this and every issue of military presence in Chile was appealed to President Carter.

Small military programs were unusually difficult. There was a 30 year old program of the Defense Mapping Agency in which they gave financial and technical assistance to their Chilean military counterparts to do mapping from the air, with copies provided to us. They had two US military in Chile to coordinate and give assistance. I put this program on the cut list, suggesting the entire program be terminated until the human rights situation improved with democratic elections. DOD was up in arms over this. The military officers on loan to ARA reported that their phones were ringing off the hook with senior officers trying to figure out how to stop my proposal. Finally, Defense asked to send a delegation to see me and explain why this program was so important to national security. A tremendous delegation of senior military officers from the Defense Mapping Agency, the Navy, and other Defense offices filled my office. One of my people, after they left, said he counted the number of stars in the room, stars as in rank, and he said there were more than 40. The delegation was headed by a four-star with several three-stars, and the bag carriers were

one or two stars. They argued there would be a tremendous loss to the U.S. if we stopped this map-making program because we then would not have current maps if our forces needed to operate in Chile. I said, “I frankly can't envision any situation where we would need maps of Chile. Anyway in 30 years I would think we would have the whole country.” They said some areas were several years old. I asked, “What do you guys have satellites for anyway?” They explained that it was hard to get satellite time in that part of the world. I said the obvious - that if we had US military operations that needed current maps, they would get the satellite time. I was surprised their arguments were so weak. Eventually they removed the people, but I agreed that modest financing of the Chilean military mapping program could continue with occasional TDY technical reviews.

Even more traumatic and a bigger issue was stopping joint exercises with the Chilean Navy. Every year for decades the Navy has had a small flotilla of ships sail around South America doing exercises with the navy of each country along the way. This is good training for our Navy and very good training for the small navies these countries have. They can actually get out to sea and learn something working with the US Navy. They build relationships, especially during the planning phase when numerous officers travel back and forth. It's basically a good program. But if you have a military government which you think is very bad, should you be doing navy maneuvers with them? It seems to me the answer is no; there are lots of opportunities in the world for the Navy to do exercises. You should not block the good projects of the good economic officials while you exercise with the Navy, some of whose officers committed the very human rights abuses you see as the problem. Some of the Navy's arguments seemed strained. How are the ships going to get from Peru to Argentina? Chile is a long country, but certainly the Navy needs experience making some long sailing legs. Of course HA soon objected to exercises with Argentina and others. The Navy mainly fought this issue with the 7th floor principals and eventually appealed to the President, who turned them down.

But Chile is just one case of the imbalances that plagued our human rights policy in many countries, not to mention in comparisons among countries, which Christopher

said we should not make but officials and even the public in various countries and in their embassies in Washington certainly did make. Of course so much emphasis on human rights was something new. One has to begin somewhere, and the Carter Administration began with economic assistance and the bully pulpit following the example of the Congress a few years before. It took a lot of effort over time in country after country to try to get some balance in terms of what we were doing in one field versus what we were doing in another field which was not immediately in HA's sights. That took a lot of my time, because I was at the vortex where one saw the more total picture of our relationships and the glaring inconsistencies that we had in some countries.

Q: Is there anything more you should say about Chile in this context?

BUSHNELL: Chile is a prime example of the tension between improving the current human rights situation, which I call accomplishment orientation, and punishing the human rights abusers in part to set an example for the future. In Chile the military turned over the running of the country to civilians fairly quickly. However, they were generally conservative civilians who were not believed to represent the majority of the people. The normal Chilean historical process — they had two or three military coups in their history, the last one in 192was for the military to return to the barracks and return the government to those elected in a democratic process. Pinochet and the military began this process by 1978. However, they faced a big problehow to protect the many in the military institution who had been involved in what were called human rights abuses around the world. They decided to reform the Chilean constitution to build in provisions that would protect the military officers against reprisals once their was a democratic government. This new Constitution made it possible for Pinochet to continue as head of the military for a very long time, till now practically, and gave ex-presidents a seat in the senate. There were several other protective devices such as some appointed senators. The military government then submitted the proposed new Constitution to a popular secret vote, up or down.

The Chilean government badly wanted some US endorsement of this process, some recognition that conditions in Chile had been changed basically and that power would be given back to the civilians and the political parties gradually. Various Chileans came to Washington to explain to us how serious and democratic they were in this process. I was volunteered for one long Sunday afternoon listening to a couple of lawyers' explanations. I found their arguments that the military had to be offered protection to get them to hand over power quite convincing. It also appeared that the vote on the Constitution would be free and open. Some Chileans saw a yes vote as a vote for a return to democracy, albeit in a few years. Others saw it as a vote for Pinochet to retain substantial power for a long time. Views were divided in ARA, but everybody in ARA felt that modifying the constitution to establish a specific scenario to get back to democracy was good and something that we should encourage, not something that we should be denouncing as a fraud for not putting Pinochet in jail. HA argued that the new constitution was just a trick of Pinochet to retain power and it should be condemned because it would not have him face any punishment. I pointed out to HA it wasn't so unusual for some people to be head of militaries for a long time; that even happens in democracies; Pinochet was promising to step down as president and to allow an open and honest election, moreover, he was putting this return to democracy plan, however flawed it might be, to the people to decide. The 7th floor basically split the difference, and we said nothing before the vote, neither approving the process nor condemning it. I think Patt managed to condemn it in some of her public statements, but the official department guidance was convoluted but neutral. HA was convinced the constitution would be voted down if the election was free.

Well, popular votes are popular votes. People don't always vote the way you think they might. Chileans approved the constitution, and there was no evidence of significant fraud. HA was up in arms that Pinochet had pulled this off. HA tended too often to simplify and personify. In Chile you had a Pinochet, a killer. He's the one you wanted in jail. I saw our principal objective as a return to a democratic government without human rights abuses. I wasn't concerned where Pinochet was, whether he was the head of the army or was in jail.

As long as you had a democratic government, that was the big good you were after. There were great struggles on what the U.S. would say about the new constitution and the free vote. The result was basically negative comments with only a few ARA phases indicating that a return to democracy would be good.

Until the end of the Carter Administration we continued opposing financing for Chile. It was ironic that as the human rights abuses stopped and a program to return to democracy was set up and approved by the Chilean voters, the U.S. continued tightening our sanctions. Chile was one country where I regularly lost the battle for accomplishment over the bully pulpit, and my initiative to bring the military side into line only put military sanctions in place but did not, as I had hoped and expected, yield any relaxation on the economic side. The two killings on the streets of Washington were a factor, but my sense is that the hatred of Pinochet among the NGO's, which included many Chilean exiles, and in a few Congressional offices, was too great for Christopher to moderate our policies without creating a problem on the Democratic Left. I rationalized that every Administration is entitled to a couple foreign political enemies, and, so long as US interests in the country are not great, there is no major loss. I think by mid-1980 Christopher saw that we would soon have to adjust our policy on Chile if Carter were reelected and that is why he chose me to be the next Ambassador in Santiago.

The personification of the human rights issue happened in Nicaragua as well as Chile. In Nicaragua the human rights situation by most measures was substantially better, a big step better, than in El Salvador or Guatemala. In Guatemala when the Spanish Embassy was taken and people held hostage, the military/police attacked and burned with many killed. In Nicaragua Somoza reacted to several hostage takings, including the National Congress, by negotiating a deal which let the guerrillas go into exile with substantial funds to fight again another day. There was much less killing and torture in Nicaragua than in the northern countries, and the Somoza dynasty had developed a large political party organization which gave it much control without resorting to violence except against the guerrillas. In Nicaragua the press was quite free; the business community had to pay

taxes, but generally businessmen went about their business undisturbed by Somoza and the economy grew rapidly and provided jobs and even free land for rural laborers. In Guatemala and El Salvador local leaders and the police/military in rural areas dominated with an iron hand committing many terrible human rights violations. Such violence was basically institutionalized.

In both El Salvador and Guatemala leadership changed so that the military always controlled but there were different military and civilian individuals in the presidency. There wasn't a personified dictator, a family-dynasty dictator, as there was in Nicaragua with the Somozas. So HA and others tended to focus on the visible bad guy. It was easier to have the objective of getting Somoza, who was one guy, out than it was to get the military, which was an institution, out of power, which is not easy to do in places like El Salvador or Guatemala. Unfortunately, a bad guy dictator is a better target from a soapbox than a military or police institution with thousands of members. I never found a way for ARA to counter effectively this tendency to personify, because, particularly as you go up in the hierarchy to Christopher or Vance or the President, who didn't have a lot of time to spend on these issues, a dictator, personal dictator, stood out more. To many activists Somoza was a greater target because his father had begun the dynasty with the help of the US Marines and it was believed the US government, or some parts of it, worked to keep him in power. Interestingly, at least by 1977, Somoza's main support in the US government was in the Congress where he had several good friends. Strangely, perhaps by coincidence, his friends were almost all Democratmainly conservative Democratperhaps this intra-party split made the human rights activist Democrats, who were liberal, even more anti-Somoza.

Q: How did this work out in Uruguay? There was a very repressive regime in Uruguay coming after a long period of democracy.

BUSHNELL: Uruguay, like Argentina, had had violence started by the far left guerrillas. There had been urban guerrilla warfare, although not nearly as much as in Argentina. The military had taken over the government and removed most civil liberties while fighting

the guerrillas. Torture and disappearances were used against both the guerrilla fighters and their infrastructure - those who recruited them, trained them, provided money and supplies, and treated them when they were wounded. In Uruguay an overwhelming majority supported the military over the guerrillas, although most would have preferred neither. In Argentina it was called the Dirty War because the military targeted the guerrillas' civilian supporters. The Argentine military came to the conclusion that the only way to eliminate this sort of a guerrilla threat is to take out its infrastructure, because, if all one does is keep capturing or killing the 18 or 19 year-olds who confront you directly, there will just be new ones coming in their place. The Argentines argued that it was possible to eliminate the threat only by getting the professors, politicians, and others who recruit the guerrilla fighters, the doctors who take care of them, the people who move them around and provide logistics, in short the infrastructure that never confront you directly.

Both the Argentine and Uruguayan militaries went after these infrastructure personnel, and people differ on how selective they were. Certainly mistakes were made. Some people that were not part of the infrastructure were rounded up and imprisoned or killed. Uruguay is not only a smaller country but the guerrilla movement was proportionally even smaller. Many Tupamaros, as the guerrillas in Uruguay were called, would go to Argentina to rest and train. Eventually the two militaries began cooperating, and Tupamaros were killed in Argentina in joint operations of the intelligence services. Once Argentina began having major success against the Montoneros in 1976 and the guerrillas began fleeing to Cuba, the Tupamaros too lost momentum.

Uruguay was never high on the Christopher Committee agenda nor was it a major target of HA. It's a richer country, so there wasn't a bilateral aid program and relatively few loans came forward in the international financial institutions. Other aspects of the Uruguayan situation were somewhat troubling. The military government was particularly brutal on the press, and it had a strong anti-Semitic element to it. It would sometimes round up people and accuse them of being in the guerrilla infrastructure because they were Jewish. That's not to say that there were no Jews who were in the infrastructure, although Uruguay didn't

have a large Jewish population. There was a significant fascist overlay to the Uruguay military and to those civilians whom they had front for them. I remember a report from Larry Pezzullo who went to present his credentials as the new US ambassador and was amazed to see swastikas all over the wall and even pictures of Hitler. But Uruguay never became a major target to Christopher or HA, perhaps in part because Uruguay was not a main target of the human rights NGOs, not that it did not deserve to be. ARA would draft the annual human rights report, and HA thought it was marvelously tough because we called attention to such things as I've just talked about. I don't remember any major issue on Uruguay that came along. I think ARA and HA agreed to oppose some loans in the international financial agencies.

Q: Would there be any other countries we should discuss before going into Nicaragua and then El Salvador.

BUSHNELL: Maybe we should talk a little bit more about Argentina in the human rights context because that was more of a front-burner issue.

Q: Bob Hill, our ambassador there, sent a scary cable once talking about the slaughter of innocent civilians. It was one of the first warnings that hit the Human Rights people. Does that sound right?

BUSHNELL: It didn't happen on my watch. Perhaps it happened in 1975 or1976. Raul Castro was Carter's ambassador. In the early and mid 1970s the Argentine situation deteriorated in almost every way. In 1973 General Juan Peron, who had ruled Argentina from 1943 to 1955, returned from a long exile in Spain and was elected president. His third wife, who had been a bar dancer in Panama, ran as his vice president. Peron died in July 1974, and his wife became president although she had no political or leadership experience. The economy continued to deteriorate, and the political and economic problems opened the door to the Montonero guerrillas led by Mario Firmenich. The motives and objectives of the Montoneros were complex; they professed to be Trotskyists

or guerrillas of the people. But many of their supporters were from the Moscow-leaning communist party, and some of their members seemed mainly interested in the money. They sent much of their money to Havana for safekeeping - although Havana of course was not known as a banking center. Eventually most of the surviving leadership fled to Cuba and from there eventually went to Nicaragua to help the Sandinistas. The Montoneros were allied with a more rural and even more radical, but smaller, group called the ERP, Revolutionary People's Army.

The Montoneros had led violent demonstrations in favor of Peron's return. But, when he came back, there was no pause in their violence and kidnapping. They raised many millions by kidnapping business executiveArgentine and foreign. Several American executives were kidnapped for ransom. They kidnapped the head of the giant Argentine grain and food products company, Bunge & Born, and collected some $10 or $12 million dollars. Executives had body guards; in shoot-outs executives, guards, Montoneros, and bystanders were killed. Although they organized some rural guerrilla activities and training camps, the Montoneros acted primarily in the cities. By 1975 they were engaged in gun battles with the police most nights in Buenos Aires with many innocent bystanders killed as well as many military/police and Montoneros. Buenos Aires became the wild west at its worst. They shot a rocket into the dining room of the American Ambassador's residence on a night he was giving a dinner for some 70 or 80 people. Fortunately, some of the guests were late and the party had not yet gone into the dining room when the rocket hit; no one was killed, but apparently the intent was to kill many.

The1976 military coup was supported by 95 percent of the people. The military then intensified the dirty war with primary focus on the Montonero infrastructure. HA would always quote the figures for disappeared and tortured supposedly by the military. However, certainly the Montoneros fought at least as dirty and with less regard for bystanders. Let me illustrate with a couple of incidents I know from personal connections.. One Army general living in a Buenos Aires apartment had a daughter, maybe 14, who invited a school friend of the same age for a sleep-over, since people couldn't go out at

night because of the violence. This girl came over, put her suitcase under the bed, and in the middle of the night the suitcase blew up and killed both girls, the general, his wife, and the rest of his family — a guerrilla success. This sort of thing got the attention of the military. And this wasn't an isolated instance. While I was in ARA in 1978, the Montoneros attacked Walter Kline, who was the Secretary of Finance who had worked with me in Treasury launching our economic relationship with Argentina after the coup. The military took over the country, but they put in a civilian team to run the economy. Walter Kline's house was bombed with him and his family in it; the walls, roof and everything came down. Martinez De Hoz, who was the economy minister, heard about this attack almost immediately and went to the area. He saw the damage and confiscated cranes from nearby construction sites to pull the big cement pieces off to rescue the family. Walter was not seriously hurt. One child was quite severely hurt and is still suffering from that attack. And the Klein family was lucky!

The economic team did a sensational job. In 1978 or 1979 I happened to pick up an Argentine newspaper, and I saw advertisements for imported apartments. Imported apartments didn't make sense to me. I asked the Argentine country director, “What the hell is an imported apartment? You can't import an apartment.” I couldn't get an answer. When I saw an Argentine friend from the World Bank at some social function, I asked him about imported apartments. He said, “Oh, that's what we call an apartment where everything's imported, all the light fixtures, the plumbing fixtures, and all the furniture is imported.” I thought this country's doing pretty well, and it was doing very well. One of the things I had to do every year was defend the budget for ARA in the Congress, and one of the questions that some Congressperson was likely to ask was, “How many local employees do you have in Latin America who are at the US salary cap, i.e. making the maximum amount the U.S. could pay any civil servant?” In most Latin countries the highest paid local employee in an embassy made about as much as the most junior American officer, but we had several, I think seven or eight, Argentines in the Buenos Aires embassy who were at the US salary cap making nearly the same salary as the ambassador, and we were still losing

people because they were being offered substantially higher salaries in the private sector. This was an amazingly successful turn-around of the economy that came with Martinez De Hoz beginning in 1976. Within the first 12 months Argentine exchange reserves increase by more than 10 billion dollars. Reserves stopped going up once they started importing apartments.

The military during 1996 was fully engaged in the Dirty War. The military operatives would pick up people they thought were in the guerrilla infrastructure, most of whom were in the infrastructure but some of whom weren't, and these people would never be seen again. They would be tortured to find what other people were in the infrastructure. Some were dropped out of planes into the ocean; most were killed and buried. Arrested pregnant women would be held in prison until the baby was born. Then they might disappear, and the baby would be taken by a military family or someone associated with the intelligence service who wished to adopt a baby. It was a truly horrendous situation. Most of the disappearances were from families with communist or far left political associations and beliefs; thus only a fairly small part of the population was directly impacted by the military's actions, a far smaller part than was directly impacted by the guerrilla attacks and kidnappings. But by 1978 the war was largely over. The attack on Walter Kline was one of the last terrorist acts. Disappearances stopped. Many political prisoners were released.

Then the question was what should our response to the improving human rights situation be. Yes, the military had done horrible things, and the guerrillas had done horrible things in 1974, 1975, and 1976. But nobody disappeared in 1978 and 1979; the number of political prisoners was down to a handful; progress had been made, but they hadn't had an election yet and no one in the military had been punished. How should we moderate our policy to reflect progress and at least verbal intentions of making more progress? In 1977, before I came into the ARA Bureau, Patt Derian made a trip to Argentina and told, according to when I was briefed later, President Videla, who was the general in charge, that he had not only to give up the presidency but he had to go to jail. He told me years later that he'd never been spoken to by anybody, let alone a woman, like she spoke to him.

Had it been a man, he would have challenged him to a duel on the spot. I don't think such confrontations helped human rights or our policy.

There were numerous economic sanction issues on Argentina; some were discussed in the Christopher Committee, but others were presented to the Secretary and Deputy Secretary in the form of decision memos. One was Export Import Bank financing for a major dam project on the border of Paraguay and Argentina, a multi-year project. Allis Chalmers, which was then still a US company, had a good chance of winning the bid for the turbines. The company was in trouble, and without this big contract it might well be out of business. The question was should we block Export Import Bank financing to show our disapproval of Argentine human rights, or should we signal our approval of recent human rights improvements by approving the loan and at the same time save several hundred US jobs and the export earnings. All economic agencies favored approval. Probably this was the meeting when Commerce even brought the Labor Department to a Christopher Committee meeting. I remember arguing that it would be one thing if our sanction carried a significant price for Argentina, but the other bidders on this project, Japan and Italy as I recall, were quite prepared to finance their turbines on the same terms. Thus Argentina would be virtually unaffected if we turned down this Ex-Im financing. Only the company and its workers in the United States would be penalized. HA and SP argued strongly that there were still serious human rights problems and we needed to stand by our principals and not get our hands bloody helping this terrible regime. Christopher decided to approve the Ex-Im financing. I noted that he was more flexible on Ex-Im financing where he had a clear veto than on votes in the IFIs where many loans would go ahead even with a negative US vote. It was also the case that there seemed to be fewer leaks on Ex-Im financing; perhaps the human rights community thought the public would be less receptive to human rights actions if US jobs and exports were being lost.

One leak, which eventually turned out to help me, concerned a World Bank loan for railroad improvements. We had prepared a memo on this issue with HA including its exaggerated picture of human rights. “The Argentine government continues to kill, torture

and imprison innocent people. The basic institutions of repression, including secret prisons and an impotent judiciary, remain unaffected." After much back and forth with HA the wording was technically nearly correct even though the impression it gives does not reflect the situation. Someone was killed months beforone case. There were a couple of reports of torture, more in the area of police abuse of common criminals; there were still some political prisoners although many had been released. The secret prisons were still there, although empty. ARA of course described the improvements in human rights and recommended we vote for the loan or abstain to encourage more progress. Christopher decided to abstain, and I did not think anything more about it. A few weeks later in September 1979, a Jack Anderson column appeared. He included the above quotes which he said came from a secret State Department report [actually a decision memo]. Anderson compared Argentina with Uganda under Idi Amin. He said State Department defenders of the Videla regime favored voting for or abstaining in the World Bank. He named Patt Derian who opposed the loan based on Argentina's disgraceful record of repression under Videla. He said John Bushnell argued for the loan. He wrote, "State's Latin American bureau is notorious for its support of right-wing dictators south of the border, no matter how blatant their violations of human rights may be." Anderson wrote that his people had seen the State report which was secret. Given the HA slant, I had a good guess who had leaked it. This was not the first or last such leak in the activists' guerrilla war. Three years later when I was assigned to Buenos Aires, I found the Anderson article had circulated widely among the Argentine military who then to some extent saw me as a friend in court even though overall relations with the U.S. were rock bottom following the Falklands war.

There was agreement, except for HA, that human rights were not at the heart of our relations with Brazil where individual rights abuses were pretty few although there was still a military government. Even SP agreed. But there were fascinating arguments on Brazil in the Christopher Committee.

Q: I don't think we talked about Brazil on human rights.

BUSHNELL: At one meeting the Brazil issue was the export of a computer system and software for the Brazilian Federal police to begin tracking criminal activity on a national basis. State had to approve an export license because it was a big computer; I don't think any financing was involved. HA opposed because the police committed human rights abuses, some human rights abuses. It wasn't massive torture as in Argentina earlier, but Brazil had a military government and some people were arrested and tortured; a few were held in jail for largely political reasons although it was not clear that many of these had not been involved in acts of violence or common crime. I said we should approve the export because the computer would help the Brazilian police identify real criminals and provide better protection for those who might be arrested by mistake. It would improve the criminal justice system. I added that this computer is like what the FBI uses. Well, this caused Patt Derian to interrupt me and go into a big diatribe about how we should eliminate the FBI, get rid of the terrible FBI, which apparently violated human rights. She went on at some length. Christopher finally asked me if I had anything to add. I said, “ I rest my case.” If Christopher thought we should get rid of the FBI, I figured he would turn down the computer for Brazil. Needless to say, the computer export was approved.

Q: Interesting. I think that's it for today. Thank you, John.

This is Tuesday, July 21st, 1998. John, during our last session we discussed the approach of the Carter Administration to human rights as a foreign policy issue. Would you say perhaps a corollary of that was the departure from a more traditional tolerance, if not support, by the United States for anti-communists dictators.

BUSHNELL: Yes, this trend away from dictators was not new in the Carter Administration, but Vance and Christopher accelerated it. We had been gradually focusing our diminishing bilateral resources of foreign assistance on more democratic regimes or regimes that were moving to become democratic. In part this was driven by the 1974 amendments to the Foreign Assistance Act and the views of Congress. Perhaps the change in the role of our intelligence agencies in the wake of the Church and other reports was most dramatic. In

Latin America intelligence operators had usually been the Americans most supportive of anti-communist dictators, and many of these dictators were past masters at using the intelligence folks. By 1997 our intelligence presence and its role in Latin America was greatly reduced. Stations were even completely closed in places like El Salvador. The Linowitz Commission report and the Vance November 1976 letter to Carter emphasized moving away from dictators in general more than economic and other sanctions on them. Certainly the establishment of the Human Rights Bureau also accelerated this trend. However, I understood our policy not as just distancing from the dictators but as trying to work for a return to democracy in all of Latin America. Sometimes, too much distancing was the enemy of getting movement to democracy.

Quite independent of anything we were doing or not doing, most Latin American countries were moving rapidly back to democracy for their own reasons in 1977-80. In the Kennedy Administration just the opposite trend was underway, not because of our policies or actions but because of the internal dynamics of the Latin countries. Under Kennedy one after another Latin country had a military coup or takeover. Often the military justified their actions as anti-communist, but in most cases this was just an excuse for the more conservative right and its military friends. As I mentioned earlier, there was much frustration in the Kennedy Administration with the trend to military governments in Latin America beginning with the coup against Frondizi in Argentina. Statements were made, but the bully pulpit then, as now, had limited effect. Moreover, the big issue in Latin American in the Kennedy Administration was Cuba and Castro's efforts to expand his influence and communism through insurgency in Latin America. Although there were many of us in the Kennedy Administration who certainly didn't want to welcome with open arms the human rights violating military governments that were taking over, policy was restrained by concern about what was seen as a bigger menace to long-term US securitexpansion of communism and Cuban influence in the Hemisphere. Also the coups in the 1960's generally did not result in people being killed, tortured, or imprisoned. On the one hand the lack of widespread individual rights violations suggests that in fact the

Cuban-supported insurgents and communists were weaker than we thought. On the other hand the Kennedy Administration stressed the importance of economic and social development through the Alliance for Progress as the route to stable democracy, and this strategy often could be implemented with military regimes as well as with democratic ones.

By 1977 when Carter came in, Castro's expansionary efforts in the hemisphere had mainly failed, partly because of policies the U.S. adopted but mainly because of the natural resistance to communism in most of these countries. Castro was turning his efforts more to Africa, which was a big policy problem for the Administration, but not a Latin American problem. In 1980 candidate Reagan criticized the Carter Administration for allowing Castro to expand his influence greatly, or, as he put it, to take over Nicaragua and Grenada as well as influencing events in several African countries. I would agree we were very slow to see the extent of Cuban influence with the Sandinistas in Nicaragua. The curtailment of intelligence collection and its diversion away from Cuban targets to less important internal gossip undermined the ability of the Carter Administration to see what was coming. We did try very hard to build a non-Cuban alternative to Somoza; he continued his claim that there were only two alternatives in NicaraguSomoza and Castro, but we did not believe these were the only alternatives, and they weren't. However, as the guerrilla warfare in Nicaragua spread in late 1978 and 1979, none of us pressed the point that the longer Somoza held on the more likely the Cuban elements of the Sandinistas would take over.

One of the ironies of human rights policies in the Carter Administration was that much of the sanction focus was on those countries where progress in improving human rights was being made. There was only a delayed focus on what might be called the hopeless cases. For example, in Central America, Somoza's Nicaragua had already responded to earlier US pressures to reestablish a quite free press. Somoza had elections; they were stacked in his favor, but his control was subtle not brutal. He preferred to buy support rather than force it by human rights violations. There were not many political prisoners. People were sent or encouraged into exile but not imprisoned; there was not much torture except in response to violent attacks on the government. In other words, the trend was

toward improvement. In Nicaragua, this trend was helped by a basically vigorous economy recovering from a devastating earthquake with a good investment climate and a frontier to which the poor could move and open up their own land. When the Nicaraguan newspaper editor and Somoza enemy Pedro Chamorro was assassinated in January 1978, the Nicaraguan climate was sufficiently free that a general strike and massive demonstrations went on for a week or so with little or no repression by Somoza and few people injured. In El Salvador next door there was little movement to improve human rights, and killing and torture were a continual part of the landscape to a degree not found in Nicaragua. In Guatemala the military and what we might call the economic oligarchy had been in control for a long time, and they maintained absolute power by brutal methods, killing labor union leaders and students in the cities and peasants who caused any trouble in rural areas. HA, ARA, and the 7th floor principals focused on such countries as Nicaragua, Chile, and Argentina where there were domestic political pressures driven principally by the NGOs and exiles instead of on the countries with the worse human rights and much less sign of improvement.

Q: Perhaps another relevant consideration here before we start digging into some of the details was that until about the 1970s or thereabouts many Americans regarded Central America as legitimately within the US sphere of interest, perhaps implying we look with particular favor at regimes that maintained law and order as long as they seemed to be encouraging an inflow of US private capital investment. Was that the way it was before and was that changing at that time?

BUSHNELL: Some people argue as you have, but I think this line of reasoning assumes Americans paid far more attention to Central America, and for that matter most areas of the world, than they do. For most of this century Americans except for a few investors and some tourists paid no attention to Central America north of Panama. This vacuum of interest allowed a few investors, a few American military, and various Central Americans who knew how to manipulate these groups and some US politicians to have fairly decisive influence on American policy. With no national security interest in Central America north of

Panama the bias of US policymakers was to ignore Central America. The actual influence of the U.S. was regularly exaggerated; the decisive forces in Central America were 98 percent domestic. Even when the U.S. appeared to make a decisive differencsuch as the Marines helping defeat Sandino [1934] or the Arbenz coup in Guatemala [1954] the driving forces were domestic. Certain domestic groups were particularly good at getting small but critical American action at key moments.. US banana companies in Honduras and Guatemala played a major political role over the years because they were dependent on a regular supply of cheap labor and reliable infrastructure.

While Central America was totally unimportant for most Americans, just the opposite was the case for most educated Central Americans for whom the U.S. was the second most important country after their own. Most of the elites saw themselves as virtually a part of the United States. It was where people with wealth sent their kids to be educated. It was where they went on vacation. It was where their modern culture came from. It was where they kept their emergency money. Almost all of the leadership in Central America, political, economic, and social except lawyers, had done their university education and particularly graduate education in the United States. It was common for heads of state in Central America to have American wives. Somoza did; Pepe Figueres of Costa Rica did, as did a number of the leaders of El Salvador and Guatemala; often they met these women when they were studying in the United States. There could hardly have been a greater asymmetry between the point of view of Americans, who look in all directions, and the Central Americans who look only to the United States. From the point of view of Central Americans, the U.S. was the country which totally dominated their interest outside their own nation. Despite somewhat spasmodic efforts of the Mexicans to encourage an interest in Mexican cultural, Mexico was generally not very well thought of in Central America, although increasingly the medical profession, for example, would go to Mexico for training. It was a lot cheaper than the United States.

One of the great debates in the Carter Administration reflects the historical view you mentioned, that Latin America had been a sphere of influence of the United States and

thus we had some responsibility for things that were wrong such as poor human rights. All the political leadership, the President, Bob Pastor, Tony Lake, Christopher, and Vance, felt the U.S. had interfered too much in Latin American countries and that we should make greater efforts not to interfere. Not only should we not do what we'd done several times, which was to send in the Marines when people didn't pay their debts and/or situations became chaotic, but we should not play a role as political king maker or be either a divisive force or a mediator. Latin American countries should stand on their own.

Q: Perhaps that was reflecting the debate that was generally escalating in the United States regarding the role that the United States should take in terms of dealing with other countries including the so-called more repressive regimes. How do you explain that kind of debate was developing in this period? Was the long shadow of Vietnam relevant?

BUSHNELL: Probably Vietnam was relevant. Most of the senior policy makers in the Carter Administration had either personal negative experiences on the Vietnam situation [Vance, Lake] or had at least been in opposition fairly early to the degree of US involvement in Vietnam. They were not isolationistthat was another group of people who just wanted the U.S. to stay hombut rather saw the U.S. playing a different role. My problem was that I could not understand what this role was and how the line between intervening and not intervening was drawn. The Carter Administration somehow saw cutting off aid, voting against IFI loans, breaking military relations, condemning governments in the press as not being intervention, but to provide good offices to bring two sides together in a compromise was intervention. I think there was a lot of fuzzy thinking about intervention and a failure to recognize that various elements of the private sector and the Congress would “intervene” even if the government somehow did not. Nevertheless, the desire for nonintervention was at the heart of the policy debate at several key points, particularly in Nicaragua.

The most extreme and probably decisive example of this intervention concern was with Somoza. Many of us saw that Somoza was getting signals from his friends in the

US Congress, several of whom were powerful chairman, and from other friends and lobbyists in the U.S., that were very different from what he was getting from the Carter Administration. His Congressional, lobbyist, and military friends were telling him that Christopher, Pastor, Derian, Vaky, and perhaps Bushnell were just leftish activists trying to make trouble for him and perhaps even help the communists take-over Nicaragua and he should hang tough but pacify these activists by releasing a couple of prisoners or other minor actions. His friends showed they had more power than the activists, for example by forcing a continuation of AID lending in 1978. He had good reasons to believe his friends would win the internal US battle about Nicaragua. We thought we would change Somoza's perception if the President of the United States were prepared to personally communicate to Somoza that it was time for him to make way for other leadership in Nicaragua. This message could not be delivered by another envoy who would be painted as part of the Christopher/Vaky gang; it had to be done personally by President Carter. There was considerable opposition on the 7th floor when Vaky proposed such an approach because it would again be intervention. Why was it intervention for President Carter to say what Vaky, Bowdler, Derian and Christopher were saying if what they were saying and doing was not intervention? I was confused, but I was not a player in high-level Nicaraguan policy.

Finally, when OAS mediatiothe Bowdler missiowas failing, it was agreed to ask the President to place the call. President Carter felt, I was told, such action on his part would cross the line of proper US action and would be intervention, in which he was not prepared to participate. The same approach was raised later as the situation was deteriorating with the same result. To most people in Central Americto many people in Central America I talked with at the time and sincPresident Carter was engaged in massive intervention through the many actions the U.S. took at this time, not least of which was organizing the political opposition to Somoza. Everyone knew that Somoza was a graduate of West Point, that one of his best buddies was Congressman Murphy who headed a key committee in Congress and who visited Nicaragua frequently and certainly showed no sign of distancing, and that the Nicaraguan ambassador in Washingtoa Somoza brother-in-

lawas the dean of the diplomatic corp and was often at the Carter White House as he had been with Roosevelt and every president since. Thus they assumed that, if Carter really wanted Somoza to leave, it would happen. When Somoza did not leave, most thought he still had US backing. All thought the U.S. was pulling the strings. In Latin America we will be blamed for intervening whenever the situation does not suit the speaker.

Personally I think the campaign I organized to delay Nicaraguan drawings from the IMF was at least as big an intervention in Nicaraguan affairs as a presidential phone call with some friendly advice and the offer of safehaven in the United States. Nonetheless, worry about intervening drove a lot of Latin policy during the Carter years, and one of the Administration's proudest accomplishments was that there was no military intervention in Latin America. Distancing was minding our business, and I guess the use of the bully pulpit was just saying what we thought, not intervening in the business of the government we verbally attacked. Perhaps we are not intervening as long as they pay no attention to us!

Q: But why did so many influential Americans over such a long period of time—as you say, from the late '20s to Reagan—consider Nicaragua key to Central America?

BUSHNELL: I don't think many Americans considered Nicaragua, let along considering it key to anything.

Q: They seemed to. Remember some of the Reagan speeches.

BUSHNELL: Ah, once the Sandinistas took over in July 1979 and their Cuban friends appeared in every ministry with Russian military equipment arriving at the docks, many, especially critics of the Carter Administration, saw Nicaragua as falling, if not fallen, into the Cuban/Soviet orbit. Nicaragua was the foothold of the evil empire on the continent of the AmericaCuba being an island. Communist footholds are key. That was candidate Reagan's point, and President Reagan's too. Central America is a small place, and arms and other assistance can, and did, move easily from one country to another even when

there is no land border as between Nicaragua and El Salvador. Because communism endorsed and supported violent means to gain political control, it was a virus that spread easily to neighboring countries unlike democracy which tended to offer only an example. I don't believe I ever heard anyone argue an open prosperous democracy in Nicaragua would be the key to such reforms in Central America. Costa Rica has been such an example for nearly 50 years, and it doesn't seem to have affected neighboring Nicaragua. To Reagan Nicaragua was one of several places where the communists had broken decades of containment and were on the move thanks to the inadequate policies of Carter.

Q: Before that we had FDR and all these people who were paying special tribute to Nicaragua. They all seemed to regard this as central.

BUSHNELL: The Somoza family sent a very capable and loyal ambassador to Washington and left him here for almost 40 years. Guillermo Sevilla-Sacasa got FDR to single out Nicaragua, and the Somozas worked hard on their relations with each President. Nicaragua singled itself out by being the first Latin country to declare war on Germany and Japan [Sevilla-Sacasa told me this, and it may not be true just as FDR's supposed summary of Somoza's father, “He's a son of a bitch, but he's our son of a bitch,” apparently was never said by FDR and may have been invented by that very cagy ambassador].

Q: He was a relative of Somoza, wasn't he, a brother-in-law or something?

BUSHNELL: Yes, he was a brother-in-law of the first Somoza, Anastasio, an uncle of his son. He charmed many Presidents and spoke not just for Latin America but for the whole diplomatic corps.

Q: He was the dean of the diplomatic corps for...

BUSHNELL: The dean of the diplomatic corps for some 20 years.

Q: Of course, Nicaragua had been an ally in World War II.

BUSHNELL: All Central America was. But Nicaragua presented itself as a great US ally. Its vote was more reliable than any other in the UN. That was part of Somoza's game, of all the Somozas, not just the last one but of the father, who was perhaps even better at it than his sons. But cultivation of the United States and of certain people and groups here gave Nicaragua, although it was a small country, a higher profile perhaps than many the other countries.

Q: But was this enough? So many Presidents, especially Nixon for example, blinked their eyes to the corruption and oppressive proclivities of the Somozas.

BUSHNELL: Corruption was a problem in Nicaragua as in many Latin American countries. The Somozas got rich basically by controlling land and certain industries which became efficient and prosperous, not by the usual stealing from the public till. As I recall, Somoza family members were big producers and exporters of cotton, a product they helped introduce to Nicaragua. But others in Nicaragua also did well financially, even some not associated with the Somozas. More important the middleclass grew rapidly and even the rural workers were better off as the got regular work and in many cases some land. Nicaragua was not a rich country, but its economy was growing fast and the benefits were widely distributed. Up until the time of the earthquake in the early '70s.

Q: '72.

BUSHNELL: Yes. The quake set the economy back, especially as world markets for their exports were weakening at that time. There was much international aid, and accounting for it was not good. Many accuse Somoza of stealing the aid, but there is little proof. I suspect there was stealing of aid by many people at all levels of the government.

Q: Well, all of Somoza's friends and family became rich, but most of the country was quite poor.

BUSHNELL: Nicaragua was a poor country in the 1970's although not as poor has it has become since, and I don't think its income distribution was worse than the Latin American average. Neither income nor land was nearly as concentrated in a small group of families as was the case in El Salvador and Guatemala. That the Somozas owned Nicaragua is a myth promoted by the human rights NGOs. There were rich families that were rich before the Somozas came to power, such as the Pella, Sacasas, and Chomorros, and there were businessmen who became rich by their own enterprise. Most of these families were intermarried, and the Nicaraguan elite was small as the total population was only about two million in 1970. Some members of the elite families strongly supported Somoza and took positions in Somoza governments; others opposed the Somozas; many stayed out of politics. In general opposing Somoza politically had no economic consequences. Traditionally Nicaragua was divided between liberals and conservatives. There were just the two major political parties, and Somoza was a liberal. But there were conservatives who, all during the decades of the Somozas, maintained a political opposition. Most of the time a Congress functioned. Somoza's Liberals won a majority of the seats, but the Conservatives were there. Remember Somoza's power was centered in the National Guard, which his father had done much to create with the help of the Marines. His son also commanded it. For awhile a Liberal civilian was even president. The Somoza family had lots of power and wealth, but Nicaragua was not the one-man show or one-family show pictured by the opposition in the United States, perhaps to simplify perhaps to galvanize opposition.

During the Somoza period from the 1930's to 1979 much of the low lands in the west were opened up for cotton production. Cotton became a more important export than the traditional coffee which was grown largely on family farms in the highlands. Cotton was capital intensive and was developed by the rich and a few foreign investors, including the Somozas who took a leading role in promoting this cotton development which greatly expanded the country's economy and provided many jobs. Nicaragua became a big competitor of the U.S. in cotton, particularly high-quality cotton, and went from nothing

to exporting hundreds of millions of dollars worth a year, but I never heard any anti-Nicaragua noise from US cotton interests during my time in ARA.

Q: Some of the so-called leftists in the U.S. claimed that Central American policy was dominated by the interests and influence of organizations like United Fruit in which the Dulles family had important interests. Do you think that was a factor?

BUSHNELL: It certainly was not a factor in Nicaragua. Nicaragua had only a small banana industry, and it wasn't owned by United Fruit. In Honduras and in Guatemala, the much larger banana interests had been forced, almost by the nature of their business, to play a political role and forced to pay-off politicians. Banana workers were among the first to organize in these countries, and at first the companies worked with the unions fairly well. But these unions were targeted by international and local communists. Once the communists gained control of a banana union, the objective seemed to be to put the company out of business, not to improve lasting worker benefits. Thus in some cases the banana companies were forced into political battles to stay in business.

Q: That was not relevant to Nicaragua?

BUSHNELL: It was not relevant to Nicaragua, and I think the supposed role of the banana companies in Central America has been considerably exaggerated.

Q: How about the Congressional influence? Sally Shelton, for example, in her interview for the ADS, said John Murphy and Charles Wilsowe've already referred to thiwere among those who made critical comments about remarks she made in Congressional testimony about Somoza, and they were both very influential members of Congress. But to your knowledge, did that strong Congressional interest have significant impact on the thinking in the White House or State?

BUSHNELL: Yes. Murphy, Wilson, and a few others had strong views on Nicaragua, and they were basically the opposite of the views of the human rights NGOs and activists.

Moreover, Murphy and Wilson were also Democrats. Murphy said he had known Somoza since they were both at West Point, and Murphy was close to Somoza. I wondered if Somoza had not over the years provided some friendly funding of Murphy campaigns in New York. Murphy thought Somoza was doing a great job for the people of Nicaragua expanding the economy and providing jobs and education. He could not understand why the human rights activists picked on his friend when other rulers in Latin America and elsewhere were so much more brutal and were often destroying their countries economically as well. Wilson saw Somoza as the block to communism to which he was strongly opposed. Wilson even infiltrated Afghanistan after the Russian invasion to take money and supplies to the resistance. He was a strong supporter of Carter's Afghanistan policy, but he thought Carter was being deceived by the human rights gang at the State Department which wanted to give Nicaragua, in our own hemisphere and close to the Panama Canal, to the Russians and Cubans.

Q: How did they work?

BUSHNELL: They did all the standard things to influence policy: they wrote letters to the President and to Secretary Vance [ARA was often drafting replies]; they called or attended Congressional hearings where Nicaragua could be raised; they made their views known to the press [although neither had a strong carry with the Washington press corp, I would see them quoted in stories or op- ed pieces from around the country, not just from their states of New York and Texas]; they lobbied their colleagues on the Hill; they lobbied the Administration; finally they threatened and used their power as committee or subcommittee chairmen and as Congressional leaders who could move the votes of many colleagues who might not care about an issue. Murphy met at least once, I think more than once, with President Carter to try to change Carter's view of Nicaragua and of Somozunsuccessfully. Finally they threatened to reduce overall AID appropriations substantially if aid to Nicaragua were cut. As two conservative Democrat leaders, they could move quite a few essential Democratic votes; in short their threat was credible; they could disrupt the worldwide AID program, and their feelings about Nicaragua were so

strong that most of us thought they were not bluffing. In 1978 the White House agreed to make new AID loans in Nicaragua even thought ARA, HA, and AID all favored curtailing such lending. Of course this AID loan approval signaled Somoza that his Congressional friends had more clot than the Christopher gang, as he thought of us.

Early in 1978, the Administration made a decision to cut off military loans to Nicaragua. I was still new in ARA, and this did not strike me as a very interesting or important issue. As I recall, Wade Matthews, the Central American country director had argued for military assistance primarily because we were not stopping it for countries with worse human rights. Todman supported him, and that was the ARA position although Sally Shelton favored cutting military aid. Nicaragua's economy was not in bad shape, and the proposed military assistance loan amount was tiny. It was important to our military because, they claimed, it gave them influence over what weapons Nicaragua bought. I was worrying about needs for military assistance throughout Latin American, and we were very short. Thus stopping the Nicaragua program meant I could reprogram those small amounts to start small programs in the Caribbean. The close relationship of the Somoza National Guard to our military seemed to me excessive. We had one of our closest military relationships, maybe the closest military relationship in Latin America, with Nicaragua where the main role of the Guard was to assure Somoza's power. Such a military-to-military relationship didn't make any sense. Only later did I begin to understand how hard Somoza had worked to build his relationship with the US military and how easily our military could be used by a cagy military strongman.

Once the decision to stop military assistance loans was made, we were at war with these friends of Somoza on the Hill, who went all out to reverse any policy negative to Somoza. Intelligence suggested that Somoza thought he was caught in the middle between the Administration and his Congressional friends. These friends visited Managua even more frequently. Somoza seems to have believed that only State with Christopher and Derian were against him; the military, Congress, and perhaps CIA were with him. He intensified his lobbying efforts. Ambassador Sevilla-Sacasa told me this rough spot in the road would

pass as had others before. He probably told Somoza that, if they played their cards right, Somoza would survive and the Christopher gang would be relegated to the dustbin of history given the influence of Murphy, Wilson, and other friends.

Q: And Wilson chaired an Appropriations Subcommittee.

BUSHNELL: Wilson was on the Appropriations Committee; I'm not sure he had a sub-committee. He wasn't the chair for Latin America, but he was very influential because his was a key vote for Administration proposals and several conservative Democrats followed his lead. Ninety-eight percent of the US Congress wouldn't have ranked Nicaragua among their top 20 concerns, so when some member ranks Nicaragua as his first concern, despite whatever his constituents in Texas or in Brooklyn think about Nicaragua, he makes Nicaragua an important issue, and he can do a great deal of damage. As Wilson said to me, he couldn't understand it. Nicaragua did not really matter to the Administration except to a few human righters who could constructively direct their energies lots of other places. The Administration should be willing to give him what he wanted at the snap of a finger. Perhaps he had not considered that President Carter might be among the human righters. Well, the first round essentially went to the Administration, and military credit was frozen, but the second round went to Murphy and Wilson, and AID lending continued. During the first half of 1978 we had to get the Panama Canal Treaties through the Senate. They had to be ratified before they could be implemented, so the House battle was somewhat delayed, although the implementing legislation was introduced. It wasn't crunch day yet with Murphy, although he tried to get the President to change his Nicaragua policy unsuccessfully during this period.

President Carter had a very full plate in Latin America. Perhaps no US president has tried to do as much. Not only was the Carter Administration changing the emphasis of US policy to promote human rights and to reduce the military and business elements including such initiatives as the Caribbean Development Group, but it also signed the Panama Canal Treaty, as domestically controversial a treaty as there ever was. In 1978 after the

Senate ratified the Treaty by the narrowest of margins, these Latin issues came together in an unexpected and extremely difficult way. Ratification of the Treaty was not enough. It was not self-implementing; we needed a complex implementation law. The main House committee with jurisdiction was Merchant Marine and Fisheries chaired by John Murphy who had earlier chaired the Panama Canal subcommittee, and he opposed the Treaty. As the senior Democrat he was supposed to be the President's man to lead the fight for the implementation bill, and he was furious with the Administration because of its Nicaragua policy. At almost any other time in our history opposition to Nicaragua policy from the Chairman of a relatively minor House committee would not have been a big deal.

I had a first hand experience with the intensity of this problem although I was normally just an interested bystander to this battle of the most senior figures in our government. One day at lunchtime I got a telephone call from Christopher who said that I should immediately go up to the hide-away office of House Majority leader Jim Wright. He told me where the office was. Wright wanted to talk about Nicaragua and Panama, he said. I said, “Alright. I guess I know our position.” He said, “It's a problem. See where the maneuver room is,” something like that. I jumped in a taxi. Wright was there with Murphy, Wilson, and a couple of others, and they were having sandwiches.

Q: Assistant Secretary Todman was away?

BUSHNELL: It was toward the end of the Todman period. I don't know now if I was acting, or it may have been that Todman had already left for lunch or something. I think this came up suddenly, and they obviously had called for Christopher. Maybe they had called for Vance, I don't know. I guess I was the senior person present in the ARA front-office at that moment. I don't know whether Christopher particularly wanted to send me or if Todman was just out. I have no recollection that I went and talked to him first, which I would have done, at least for a minute, if he had been there.

I listened to Murphy, Wilson, and the others. The pitch was that there were lots of problems with canal legislation and there were lots of problems with the aid legislation and budget numbers and there were lots of problems with the Administration's position on Nicaragua. If the Administration couldn't find a way to have a more friendly position toward Somoza, then the canal treaty implementation and the aid levels were in trouble. Wright said he wanted to support the Administration but, as I could see, the Administration needed to adjust to keep Democrats together.

Q: Wright's office, and they made this very crude picture.

BUSHNELL: It was pretty crude, yes. It certainly came across clearly. What words were used, whether it was stated as an explicit quid pro quo, I don't remember. It was not an unpleasant lunch. Wright took the lead to get into Nicaragua, “What is the problem with Nicaragua?” I explained some of the things that were human rights issues. They said, “Here's a guy who's won an election. What's wrong with that?” I explained some of the things that were wrong, that it wasn't really a free and open election. I remember Wright said, “You haven't had too much experience with some elections for the US House,” or something like that, and there were other remarks to the effect that we at State had our heads in the sky. I recall Murphy at one point asked how well I knew Somoza. I'd never met Somoza, and I said, “I don't know him personally.” He said, “Well, I know him. I've known him for 35 years or something, since we were both 19 years old. He's a great guy,” and so forth. “I can speak for him. I don't think anybody in the Administration, all you in the Administration put together, don't know him as well as I do.”

Q: You did not argue with him?

BUSHNELL: In terms of how well he knew Somoza, I certainly did not disagreed. They implied that there were a few fixes around the edges in Nicaragua that were possible. They said they could talk to him, and he'd be willing to do things. He opened up to the press, and he had had elections. He said he wasn't going to have another term, and what

did we want? He was elected, and he wanted to serve out his term. What is the big deal? Why were we against this guy who was one of the biggest friends of the United States? He hasn't done anything to anyone except those that have been shooting at his people. Of course, as I said, the things that you could point at in Somoza's regime were not dramatic sorts of things. He didn't go around shooting people. The Majority Leader finally summed up by saying, “When it comes to Nicaragua, the people who are interested in Nicaragua are here. But, these people you can see are very strong about this, and frankly the Administration needs these people for things that it wants, like we were discussing, the canal treaty legislation and aid levels, and you go back and you tell your people in the Administration that that's the way it is.” So I did. I came back and reported to Christopher.

Q: Did you do a memo on this?

BUSHNELL: I don't think so. I think I just reported to him verbally. I may have done a night note for the Secretary and the President. I wouldn't have done a memo that would have gone into the big clearance system and been seen all over the Department and possibly leaked.

Q: I think historically that was a very important meeting.

BUSHNELL: It was one skirmish in a long battle.

Q: How did Christopher react?

BUSHNELL: In his usual way, he didn't really react. He listened, he understood, and he sort of said we've got a problem. He didn't change anything immediately as a result of that lunch, and whether or not he ever got back to them, which is what they asked for, I don't know. Not long after that Charlie Wilson in one way or another got to Henry Owen in the White House.

Q: He was the economic czar at the White House.

BUSHNELL: He was sort of an economic czar. He was responsible for the economic Summits and aid programs and I don't know what all.

Q: He has always been very influential wherever he is.

BUSHNELL: A couple months later the House was marking up the AID appropriations. I heard Congressman Wilson had told Owen the aid programs for India and some other places in which Owen was very interested were going to be devastated unless the Administration made a deal on Nicaragua. There was a series of White House meetings, and it was finally recommended, and the President approved, that we would to do two or three new loans to Nicaragua. These would not be affected by human rights policy. The first loan may have come up in the Christopher Committee where there was much opposition from HA; ARA supported this loan because it directly helped the poor. Anyway, the decision was made that we would preserve economic assistance, but the military assistance and military supplies would continue to be denied. It seemed to me at the time that was not a bad compromise; in fact it made sense to distance a bit on the military side. The AID loans were the main thing because they involved substantial funds. Of course, approving the AID loans was a tremendous signal to Somoza and others. His American Congressional friends would tell him, “Look, we got this AID money. This is what counts. On the military side there was hardly any money. You can get military equipment somewhere else. They can't be too tough on a country where they're continuing their bilateral aid program.” That arrangement was made in the course of 1978; it did not change Murphy's and Wilson's desire to change our Nicaragua policies more completely, but it at least got us through that appropriations cycle.

Q: This is why foreign policy is always so logical and crystal and rational and clear.

BUSHNELL: It shows domestic political considerations, even if they're only fairly personal considerations as they were in this case, play a large role.

Q: With the Carter Administration, from the beginning, whatever differences in concepts of intervention and nonintervention, etc., they had a conspicuous distaste for Somoza from the beginning across the board, right?

BUSHNELL: Yes, I have hypothesized that Somoza's main problem was that the military dominance in Nicaragua was personified, that it was seen as the Somoza dynasty. The military were more brutal and more corrupt and had much worse human rights records in Guatemala and El Salvador, but these militaries weren't personified. Generals moved up and moved on. Presidents came and went. There was no single person or family associated with the right wing rule in these countries. Personification of the authoritarianism in Nicaragua in the person of Somoza made him more of a target. Moreover, it was precisely the Somoza families' close ties with the United States which, in my view, made it impossible for us not to intervene because we had been so close to the Somozas for so long in so many ways. These historical ties particularly stirred up people like Patt Derian. The facts that Somoza himself was a graduate of West Point, that he regularly supported the United States, even that several US Congressmen traveled frequently to see Somoza made it appear that the U.S. was involved in maintaining authoritarian rule in Nicaragua.

There was much talk in the Carter Administration about whether or not we should intervene in Nicaragua. This intervention discussion did not make sense to me. The United States and various parts of its government and society were involved in Nicaragua and had been involved for many years. Somoza had friends on the Hill; he worked the Hill; he worked the US society; he had lobbyists; he had the dean of the diplomatic corps. All of these Somoza interventions, if you will, in the U.S. were a challenge, you might say, to the Human Rights activists. Here was an authoritarian ruler who personified human rights abuses and was also tied to the United States.

There's one other wrinkle in this Nicaragua situation, however, that I think should be given much more attention than what I've seen written in hindsight, and that is the role of Carlos Andres Perez (CAP), the President of Venezuela.

Q: Look, can you hold Perez for a minute, because I have some other questions getting at why Carter's people had this...

BUSHNELL: That's what I want to come to, because that's where CAP played a big role.

Q: Oh, okay. Because you've got a lot to say about Perez later.

BUSHNELL: We'll also talk about Perez later. Perez had a particular link to Pedro Chamorro, the newspaper editor that was killed in 1978. Chamorro had lived in Venezuela, and they had been close, and when Chamorro was killed, Perez...

Q: That was January 10th, 1978.

BUSHNELL: That's right. It was very early in my time in ARA.

Q: As Tony Lake says in his book, that was the point from which Somoza's slide was apparent. Everything was downhill from there.

BUSHNELL: I think that's right, but let's take just the US side of the Nicaragua issue for the moment. CAP was the president, the leader, in Latin America with whom President Carter created the firmest connections.

Q: CAP? This is Carlos...

BUSHNELL: Carlos Andres Perez. We call him CAP; that's his nickname. CAP, of course, was a democratic ruler. Some of us remember earlier times when, as attorney general, he had overseen and even participated in torture in Venezuela, but those days were past, and Venezuela was a fine, upstanding democracy selling us lots of oil and playing an

expanding role in the world. CAP, by his personalitI don't know just whcaptivated President Carter, and especially Bob Pastor. The President saw him as the sort of political leader in Latin America he could really relate to, and the President respected his views. Remember at the beginning of the Carter Administration there were very few democratic heads of state on the mainland of Latin America. CAP helped convince the President to conclude the Panama Canal treaties and then played a role in helping them get through the Senate. He was also influential in getting Panama strongman Torrijos to do some things that he needed to do to help us get the Treaties through. Thus CAP was perhaps our biggest ally at that moment in the hemisphere. There was a lot of Presidential correspondence that went back and forth. There were visits back and forth. Chamorro's assassination was a traumatic event for CAP. People that are close to him have told me that it was like losing his wife or his mistress. This was CAP's friend and buddy that had been killed, and CAP thought Somoza was responsible. It now appears that Somoza was not responsible, but most people thought at the time he was. CAP at that point wanted to make a major effort to get Somoza. CAP wasn't comparing anything in Nicaragua to El Salvador or Colombia or anyplace else. This was a personal thing, a personal vendetta. Do it at almost any price! And he played a gigantic role because in addition to influencing President Carter he made an alliance with Castro, something none of us thought he would ever do.

Q: With Castro?

BUSHNELL: With Castro in Cuba. None of us ever thought that CAP, who was totally opposed to communism, would ever do such a thing, but he did. And this CAP/Castro cooperation not only greatly speeded the fall of Somoza but also established the base for the Castro/communist domination of Nicaragua thereafter.

Q: Let me back up just a little. Before Carter came into the White House. Saul Linowitz had headed a commission of Latin American experts that submitted a report a few months before Carter was inaugurated that presumably had some impact on the Carterites' thinking.

BUSHNELL: Especially since Bob Pastor was the man who authored much of the report.

Q: Exactly. Do you recall what its recommendations were, and were they relevant to the early attitudes — this is a couple of years before what we're talking about here now?

BUSHNELL: I haven't read that report for a long time, but I read it at the time. I don't remember that it was particularly focused on Nicaragua. Remember, I started in ARA at the end of 1977, so the Carter Administration had already been in office for nearly a year. I think the Linowitz report probably did play a role early on in a number of ways, including endorsing an emphasis on human rights and democracy although not in the rhetoric-heavy way the Administration proceeded.. It did endorse paying a lot more attention to Latin Americit was a report jointly written by Latins and Americans. It supported concluding the Panama Treaties and turning the canal over to Panama. I don't identify that it played a major role in policy formulation in 1978 and thereafter. . Q: Well, the nonintervention angle, I think, was...

BUSHNELL: ...was an angle of it, yes.

Q: And the fact that Pastor was the principal author of the report.

BUSHNELL: The report reflected Pastor's views, and he then tended to try to carry out the recommendations.

Q: Was it Pastor who always wanted to make sure the recommendations of the Linowitz commission were high on the agenda for the Carter Administration for Latin America? That was the way I understood it.

BUSHNELL: I think that was true in the first year. I don't know that it had much carry beyond the first year. Most policies were already established by 1978 and had their own momentum one way or another.

Q: Now pick up the Chamorro assassination, January 10th of 1978, a watershed presumably in the downfall of Somoza. Why was Chamorro so important, aside from his friendship with Perez?

BUSHNELL: He was a Conservative, i.e. he was from the Nicaraguan opposition party, and he was seen as an alternative leader to Somoza. He had a family newspaper that had been there for a long time, a good newspaper with a large circulation. In many ways the paper was the opposition, vocal opposition, a very strident opposition to Somoza much of the time.

Q: There apparently had been animosity between the two of them since they were kids and went to the same school together and fought on the playground.

BUSHNELL: The Conservatives and Liberals had dominated political life in Nicaragua for generations. Thus the Somozas and most of the Chamorros had been political opponents at least since the first Somoza became a public figure in the 1920's. I don't know about personal relationships, but they had been political opponents as Liberals and Conservatives. Since there is little difference in the policies favored by the two Nicaraguan parties, politics become very personality dominated, confused by the fact that Nicaragua is a small place and the elite families intermarry and form business partnerships. It gets very confusing. At times the Somozas had closed the newspaper, and Pedro Chamorro had gone into exile in Venezuela. In fact, one of the things that Somoza did in 1977, as the U.S. became more outspoken on human rights, was to lift martial law and permit the newspaper to reopen without censorship. He also invited in the Inter-American Human Rights Commission and announced he would begin releasing the few political prisoners being held. He also suffered heart problems in mid-1977. Perhaps these steps to improve human rights were a tactic to improve relations with the U.S. without giving up real control, but they were more progress than was forthcoming from a number of other Latin countries at the time. Somoza argued he was prepared to move toward a fully democratic and free political situation. But he was still the most visible military authoritarian in the United

States. Pedro Chamorro was an outspoken critic, making his newspaper the mouthpiece of the democratic opposition. He was seen as an alternative political leader to Somoza. His good newspaper was on campaign against Somoza.

Q: Presumably the most prestigious newspaper in Central America.

BUSHNELL: Many in Costa Rica would give an argument on that point, but certainly it was a solid and outspoken newspaper that tried for factual coverage of the domestic scene; it was certainly better than anything in countries like El Salvador, Guatemala and Honduras where the newspapers were not critical of the government. It certainly criticized the government, and it criticized other things too. In fact, one of its campaigns at the time that Chamorro was killed was against a group of Cuban Americans who had a very profitable operation buying blood in Nicaragua, giving poor people a dollar or two for having a pint of blood taken for export to the United States. The blood business was fairly widespread in Latin America, but according to Chamorro's paper these people had not gotten permission from the medical authorities in Nicaragua, were not paying very much, and were doing various things on a semi-black market basis. I think a preponderance of the evidence indicates that Chamorro was killed by the people who were running the blood business, not by Somoza. In retrospect, the thought struck me that the only big beneficiary of Chamorro's killing was Castro and the communists. With one stroke a major leader of the democratic opposition was removed and many Nicaraguans were radicalized against Somoza; guerrilla recruitment picked up sharply. Moreover, Castro and his intelligence service would have known this killing would likely make CAP desperate to get rid of Somoza. Castro, another personified authoritarian in the area, hated Somoza for helping the U.S. with the Bay of Pigs invasion. There is no evidence I know about of a Castro involvement. But we continue to learn that Castro had many more agents working in south Florida than we dreamed, and some of his people could even have been part of the blood operation.

Q: Apparently there was no evidence of direct complicity by Somoza, but there apparently was some presumption that he may have been implicated. Do you think there was any...

BUSHNELL: The immediate presumption by the Nicaraguans and by most everybody else when Chamorro was killed was that his big political enemy, Somoza, did it. The Nicaraguan opposition took to the streets and closed things down for quite a long time.

Q: The famous example of Henry Forth: "I want somebody to rid me of that madman Thomas Avekiet", and so eventually someone went out and killed him, and so he was sort of held responsible. Do you think it may have been something like that?

BUSHNELL: I think Somoza was smarter than that. Somoza knew perfectly well killing Chamorro would be a big problem for him, as it was. People closed the whole economy down for a couple of weeks; many thousand demonstrated, and the murder did cause a lot of people to move into more active resistance. It was a watershed event within Nicaragua because it polarized people against Somoza because they blamed Somoza. Somoza's people made a great effort to find out who did it. Nobody ever did find out who was responsible. Mrs. Chamorro, the victim's wife who later became president of Nicaragua, has said she does not believe Somoza was responsible. Moreover, use of hired killers was not the Somoza style, I might say. I think it is very unlikely that Somoza was responsible because Somoza was a smart politician and a fairly sophisticated operator. It would have been evident to him that, if he wanted to get rid of Chamorro, Chamorro should die after a long illness or something that wouldn't spark an emotional explosion. Just to gun him down on the street is very unlike Somoza. It would have been a stupid political move. But he was blamed for it. It moved a lot of people away from him. People struck and demonstrated for quite a long time. Somoza, probably wisely, didn't represhe didn't send in the military and seal up the place. We may never know the full story about how that killing came about, but, yes, it was a watershed event because Somoza's position and the national guard's position ran downhill from there. The infuriating of CAP changed the outside environment.

I think the killing and CAP's reaction was a major factor that caused the White HousPastor and Carteto give much more attention to Somoza than to other dictators.

Q: The sanctions you spoke of earlier, this came about during that period?

BUSHNELL: No, a little later. The decision to stop military assistance was made fairly soon after the assassination. I don't think the assassination was key to that decision. In fact, I have some recollection of being impressed in the immediate aftermath, in the couple of months after the assassination, the national guard was very responsible. Guard soldiers didn't fire into the crowds and do a lot of things which they could have done in the wake of a big national strike and the polemics that were being thrown at them by the newspaper. That was short-term performance that could have been much, much worse on the human rights side. One didn't want to spit in the face of that good restraint by formally cutting military assistance, although the more general long-term pattern meant that moving this military lending to some other country made a lot of sense. I think it was our own internal bureaucratic processes that determined the timing.

Q: Okay. Now, Perez then wrote a letter to Jimmy Carter. You explained much of the background there, but what was that letter all about?

BUSHNELL: At the time I didn't give too much attention to it, because, as I said, there was a lot of correspondence going back and forth between CAP and the President. After the assassination CAP wrote a letter to Carter about Nicaragua.

Q: Essentially it was suggesting that we should force Somoza out through some kind of OAS action.

BUSHNELL: Yes, that we should work together to get Somoza out of Nicaragua; that was the bottom line. The specifics in the letter were things that we were in favor of. One of the things that we had been pressing Somoza to do was to invite the OAS Human Rights Commission to visit. My view was it was a good thing for Somoza, because the

Commission would find some fauleverything was not perfecbut in the general scheme of things the Commission would show that things were not absolutely terrible, not nearly as bad as in several other countries.

Q: To show there had been improvement.

BUSHNELL: There had been improvement. It would be an independent group with a view that would be reasonably objective. We had that objective, and that was raised in CAP's letter. Then my recollection is that there was some general suggestion that we should work together in order to move Somoza out. I don't think those were the precise words that were used, but that's what was meant. We all knew what was meant, that we should work together to force Somoza to resign and leave the country. Reading the Lake book reminded me that it was probably the first time that I had lunch at the White House mess with Bob Pastor, because the issue of replying to CAP was in January or February 1978.

Q: And that lunch was February 6th.

BUSHNELL: The CAP letter was very much on Bob's mind, but I saw the lunch as a more general get acquainted meeting. I hoped to use my NSC experience to build a constructive and cooperative relationship with Bob Pastor.

Q: According to Lake, it was something of a shouting session.

BUSHNELL: I don't remember that; in fact I thought at the time that Bob was a serious and knowledgeable person with whom ARA could work much better than we had been.

Q: So what is your...

BUSHNELL: I don't think it was a shouting session.

Q: Before you get to the lunch, there had been some maneuvering around trying to get a clear picture of what the response to Perez would be. What was the status before you went into the lunch?

BUSHNELL: I assume the Nicaraguan and Venezuelan desks would have prepared a draft that I had seen. On most of the specific issues CAP raised our policy agreed with him. The only question then was whether or not we would we give a positive signal in terms of working together to get Somoza out. I saw that as at least making sure he didn't change his mind and decide to have another term, at least ending the Somoza dynasty being directly in power. That was one way one could look at the situation and read the letter. I didn't at the time know about CAP's relationship with Pedro Chamorro and how his killing had affected CAP. I didn't see the letter as a big issue because it was clear to me that we were working with CAP and we were going to be working with CAP over the next couple of years. President Carter had just sent him a letter dealing with the Cubans in the Horn of Africa; the President was consulting with CAP on items important to us, and CAP was consulting with the President on items important to him. Certainly we weren't going to send him a letter and say, “Don't send me any more letters on Nicaragua.” Nobody was proposing that.

Q: Lake says also on international energy issues and north-south relations we worked with CAP.

BUSHNELL: Yes, we worked with CAP on everything, so why shouldn't we work with him on Nicaragua. We and CAP both wanted to end the Somoza dynasty; the questions were when and how. I thought it was no big deal. I was puzzled at why Pastor, who thought that CAP was a better guy than I thought he was, wanted to spit in his face by refusing to work with CAP to end the Somoza dynasty. I didn't see any reason for articulating our reservations on how and when the Somoza dynasty ended. And besides, this issue wasn't going to go away. He'd be writing another letter no matter what we said. There were no

specifics on ending the dynasty, just general directions we're going in the future. The specifics were all agreed. There was no problem there. ..

Q: Where was the lunch?

BUSHNELL: In the White House mess. I would have lunch with Pastor there from time to time, and I would have him over to the State Department for lunch. I was trying to develop a constructive relationship because Todman had problems with Pastor whom he saw as a young whipper-snapper who was trying to go Todman's job instead of letting him do it.

Q: Well, it was reciprocal, I gather. Pastor didn't...

BUSHNELL: By the time I arrived in ARA, they were not on very good terms. Also, in my view, having served at the NSC, it was quite right and proper for ARA to do a lot of Pastor's staff work. Pastor didn't have much staff, and so it's necessary for State to do most of the work of drafting Presidential letters and even policy papers. On the other hand, there are limits to what ARA could do, and every time Pastor had some wild idea, he shouldn't expect a 50-page paper from ARA. We had to get some kind of mutual understanding and end the situation where he'd ask for things and Todman would just not deliver them. Thus my objectives in this lunch had nothing at all to do with the CAP letter, in which I had not yet been deeply involved. My objective was to get to know Pastor better and to try to work out a relationship where we could help him with his staffing and where his demands on ARA would be much more manageable. I also hoped Pastor would get a better understanding that there were things the White House should be involved in and things where it shouldn't, because his view was very expansionist, much more than what the NSC in my view should get into on policy implementation. I don't remember it at all as being a contentious lunch, but I have very little recollection of the lunch.

Q: Incidentally, did Lake talk to you when he wrote that book? Apparently he did talk to many of the principal players.

BUSHNELL: Yes, he called me on the phone, and we talked for an hour or so, maybe more. But certainly he got his story on that lunch from Pastor, because, before I read his book, I would have said we didn't even discuss the CAP letter. I thought we had discussed the general question of how Pastor's operation related to ARA and what he saw as major issues on the Latin American policy docket where we should both put emphasis. I was trying to get some direction on where I should be putting my time. Pastor apparently remembered this as a contentious lunch because I wasn't prepared to accept whatever language he had that would have told CAP that we weren't going to do work with him to remove Somoza quickly.

Q: But you earlier did describe the difference in perspective.

BUSHNELL: That's right, there was a different in perspective. I don't actually recall what position I had on the details at the time of that lunch.

Q: Do you recall more about the development of the letter itself?

BUSHNELL: Yes. The Lake book tells about a meeting held a week or so later in the middle of February for Christopher to discuss the reply to CAP, which had been around in numerous drafts, many of which I wasn't involved in.

Q: So who was for ARA?

BUSHNELL: Sally Shelton was the deputy for Central America, so she was probably the responsible deputy, and Todman was probably involved. Thus the action memo could well have been done without my involvement. Often something like this would be discussed at the morning senior staff meeting. My recollection is I did know there was disagreement on the reply to CAP on Nicaragua. In fact, it is not clear to me why I attended the meeting in Christopher's office for ARA rather than Todman attending or Sally Shelton attending. But I do remember this meeting. My recollection is that this whole argument, as I said earlier, seemed absurd, totally unreal. To tell CAP that we agreed to work for various specifics

to improve human rights in Nicaragua and then to say in general terms that we would not intervene in internal affairs was practically an internal contradiction. Clearly we were going to work with CAP on Nicaragua and many other things in the future. Such was the nature of the relationship between his government and our government. Just as we were agreeing to work together for these things in the OAS, when CAP came up with some other specific idea, he'd approach us and we'd probably agree to do that too. Moreover, it was clear from our public statements and actions that we wanted an end to the Somoza dynasty. Thus I thought telling CAP we would not work with him for Somoza's departure because we would not interfere in Nicaraguan internal affairs would be read by CAP as either an insult to him or just public posturing in case the letter because public.

Q: Why wasn't compromise possible ?

BUSHNELL: My recollection is that the letter finally sent was a compromise, that it certainly didn't say we're washing our hands of Nicaragua, we're not going to work with you on Nicaragua. I don't remember precisely what it said.

Q: What was the thrust of it?

BUSHNELL: It didn't accept his invitation to work together specifically to oust Somoza and it referred to our general policy of non-intervention while agreeing with the specific steps in his letter.

Q: Carter didn't accept the invitation to push Somoza out at that point.

BUSHNELL: Right. Internally the policy debate was to what extent we would work with the Nicaraguan opposition toward Somoza's departure. ARA urged that we actively engage to try to bring about a shift to the democratic opposition while maintaining the integrity of the National Guard either at the end of Somoza's current term or sooner. But SP and HA seemed to believe that such engagement would be used by Somoza to stay in power and to associate himself more with the United States. They argued for distancing

and condemning, but not engaging with the democratic opposition. ARA favored quiet diplomacy while HA and SP favored public diplomacy while claiming non-intervention. ARA's argument was weakened by the fact that the opposition to Somoza was weak and divided and the Guard appeared very loyal to Somoza. We in ARA thought CAP had in mind working with the democratic opposition, and we wanted to encourage that approach. SP and HA gave great weight to disassociating the Carter Administration from Somoza, and they did not appear to think about what might happen in Nicaragua after Somoza, or perhaps they thought anything would be better than Somoza. My vague recollection is the ARA version of the CAP letter was mildly encouraging on working together to bring effective democracy to Nicaragua while the SP/HA version stressed our concern with nonintervention. The United States, of course, follows a policy of nonintervention, which is like saying the U.S. has 50 states.

Q: One would assume a certain delicacy...

BUSHNELL: I wanted to say something to the effect that, in addition to these things that we were agreeing on, we would welcome the opportunity to discuss Nicaragua further with CAP.

Q: A mutual interest in the evolution of Central America.

BUSHNELL: In short the door is open, and let's discuss where we go. We could always say no to something that was too much intervention later. If nothing else, it would have been nice if we'd done that and he'd told us that he thought it was a good idea to make an alliance with Castro to get rid of Somoza, because I think we would have had a strong negative view on such a proposal. But Christopher chose the SP/HA draft. Moreover, Pastor correctly used the letter to establish the policy of US nonintervention on Somoza's exit. When President Carter met CAP a couple of months later, he told CAP we couldn't be involved in ousting Somoza. Frankly, I did not give this letter to CAP much importance because I thought our policy on Nicaragua would be driven by events in the country.

Somoza would either fulfill his promises to open up the political situation and we would support such progress, or he would not liberalize and we would look for ways to increase the pressure on him.

I saw my role in the Christopher meeting as trying to get others to deal with the real world in which Nicaragua was linked to the U.S. in many ways. Although it was not an interagency meeting, Pastor attended. Christopher seemed to consider him an alternative or additional Latin expert. Kreisberg represented SP and Schneider HA. Steve Oxman, Christopher's personal staffer for Latin America and human rights, was there. This whole business of saying we weren't going to be involved in something that we were up to our neck in seemed to me to be kidding ourselves, which is what I tried to say. Tony Lake has a wonderful quote. I can't remember saying this, but I'm glad I did, because it really sums it up well.

Q: Page 40 in his book.

BUSHNELL: “The problem with nonintervention is that it is like denying the law of gravity. We are involved and willingly exert great influence. Noninterference is nonfeasible. The question is how to exert influence.” We had all kinds of relationships with Nicaragua including those that our Congressmen had, and our military. The fact that we were trying to get the OAS Human Rights Commission in was a form of intervention. It didn't make any sense to say our policy is nonintervention but we'll do these things and these things to bring about change, but we're not going to intervene. So I was confused, let's say, by this debate, and it arose in one form or another over all of 1978 and into 1979 around the edges of Central American issues.

In retrospect on the Perez letter I think some others might have been reading intervention as a code word for covert action. I did not know until later, remember I had been in the DAS job less than two months at this time, that the U.S. and Venezuela were already cooperating on some low level covert operations. CAP's reference could have been read

as inviting covert action, but such was not clear, and we could certainly have replied in a way that kept the door open which would have encouraged him at least to have consulted with us as he moved to major covert action. Lake does not hint in his book that any of the participants meant covert when they referred to intervention.

Q: I sort of have the sense, John, from having read the transcript of Bill Stedman's interview that maybe he had comparable frustrations before you came in, as your predecessor.

BUSHNELL: Well, maybe. He never mentioned such concerns to me. As I said, it had never occurred to me that CAP would ever align himself with Castro when he felt rebuffed by us. Thus I didn't think the letter we were evolving to CAP made any real difference, since nobody was writing a letter to spit in his face. Neither version was a bad letter.

Q: Well, among other things, letters between chiefs of state might very well become public, and people are sensitive.

BUSHNELL: No one in their right mind would draft a letter that could be used against them. It didn't make any sense to agree and say, yes, we're going to work with you to get Somoza out. Of course, we weren't going to say that. The more important aspect was the policy arguments that people made, not what was finally in the letter. In retrospect, perhaps if we had done something different and gotten closer to CAP on this issue, we could have avoided the extent of the Cuban influence that ended up in Nicaragua. I don't know. We can't relive history, but certainly it is predictable that it would have been the US objective in working with CAP to avoid any common alliance with Castro. Whether we would have been successful, who knows?

Q: There were a lot of delays and misunderstandings and confusions in getting the Carter reply back to Perez, to his letter. The letter finally got out. What was Perez' reaction?

BUSHNELL: I don't recall. We did get an agreement for the Human Rights Commission to visit, and some of these things went forward.

Q: Lake indicates that Perez was disappointed and that he thereafter became more sympathetic toward the Sandinistas. Was that your sense?

BUSHNELL: I think in retrospect, it was inevitable that CAP would support the Sandinistas. He already had links to the more moderate Sandinistas. But I think that the fervor of CAP's reaction and his turning to guerrilla military action supported by Cuba, Venezuela, and Panama were influenced greatly by his assessment of what the U.S. would do. CAP, like many Latins, believed we had far more influence in most Latin countries than we had. With active cooperation from the Carter Administration CAP would have expected Somoza to exit without the sort of military action only the Cubans could support. People close to CAP told me he despaired that Carter had the will to push Somoza out so he then saw the only way to do it, or the only way to do it quickly, was to make common cause with Castro. I don't think he got the letter and then proceeded to turn to Castro. His thinking evolved over of the next months as he talked with Carter in person and as he watched our actions, such as continuing the AID loan program. President Carter told CAP he would not intervene. It strikes me as unlikely the letter had an important role in driving CAP's thinking and actions, but it may have curtailed his willingness to communicate frankly with us about Nicaragua. The noninvolvement policy strengthened by the letter was probably more important. However, that policy was reversed soon after Pete Vaky, our Ambassador in Venezuela, returned to head ARA in the summer of 1978. It's not clear to me when CAP's involvement with Castro on Nicaragua really took off. It may have been only, and certainly was greatest, after the failure of the mediation in December of 1978.

Q: Just thinking of this period, mid-'78, during this period Todman was getting less and less popular with the Carterites. Was the Somoza factor significant here?

BUSHNELL: I don't think it was a major factor in the 7th floor dissatisfaction because by and large the Human Rights activists were not unhappy with ARA's view of policy on Nicaragua once ARA accepted my view that distancing from the Nicaraguan military made sense. We had thrust upon us, not HA's doing nor ARA's doing, the continuation and increase of the AID program, so that was not an issue between HA and ARA. There were always, of course, a lot of minor issues which may have assumed big importance in some people's minds. One of the most ridiculous involved sling swivels. Somoza a few years before had bought new US rifles for much of his army. They came with a sling you put over your shoulder, and it was attached to the rifle by a metal swivel, a little thing that cost maybe 25 cents to make. It turned out that these swivels were defective; they rusted in the tropics. The US manufacturer quite properly agreed to replace them. It wasn't a big deal; the whole order was only $2,000 or so for thousands of these things, but he had to apply for an export license because this was a military item. HA thought we should turn down the license because we were refusing to license lethal military equipment. ARA's view was that we also had to weight the reputation of US industry as a reliable supplier, that, if you sold something with a defect, you ought to make it good. It's not like we were sending bullets that could kill people. This issue became a cause celebre.

A memo was prepared to have the 7th floor break the deadlock between HA and ARA. According to Lake the memo reached the 7th floor on a Saturday and was referred to Under Secretary Habib, properly as being something that Christopher didn't need to decide. Habib agreed with the ARA position. HA then protested the decision to Christopher and to Vance. There was an unbelievable amount of discussion on these minor swivels. Finally, Christopher decided for HA, giving the critics of the Administration's human rights policies a prime example of an exaggerated human rights policy causing American industry to pay a high price for the posturing of bureaucrats.

These minor matters took far too much of our time. Another example was exporting hunting ammunition; some hardware store or sports store in Nicaragua for many years

had bought shotgun ammunition in the United States. Nicaragua is a rural place; people use shotguns for hunting. Shotguns are not military weapons, but we turned down this license application as part of our distancing from the military. My view was the shotgun ammo was not for the military; it was going to goodness knows who and was more likely to end up in the hands of the opposition if you come right down to it. I told Mark Schneider he should give the guys that were against Somoza a chance at least to get shotgun shells; the military's got plenty much more powerful stuff. But HA would oppose anything related to guns; I think there was an HA policy to oppose all guns and ammo; it was somehow getting our hands dirty. Let them buy it somewhere else, which, of course, is what they did. Too bad for American exports and jobs. There were lots of these sorts of things debated in the course of 1978, and these were issues that came to me because of my responsibility for political military affairs.

But Nicaraguan issues did not take much of my time in 1978. The next big event in Nicaragua was the Sandinista takeover of the National Assembly, the Congress building, and the holding of everybody there hostage on August 22, 1978. I was on vacation at the Maryland shore when this happened and just read about it in the newspapers.

Q: Eden Pastora?

BUSHNELL: Yes, Pastora was the leader of the attack.

Q: Causes, consequences?

BUSHNELL: This attack marked the beginning of a dramatic increase in guerrilla attacks on the National Guard. The fact that Somoza quickly met most of the demands of the rebels, perhaps wanting to avoid attacks from the Human Rights activists, signaled weakness to the guerillas and CAP and probably Castro.

Q: Explain just what happened at the congress.

BUSHNELL: A group of about 25 Sandinistas, with considerable preparation and planning obviously, went to the Congress dressed as National Guard soldiers and managed to take over and demobilize the small National Guard and police presence. They seized the whole building and held over a thousand Congressmen, staff, and visitors hostage. Their principal demand was the release of what they called political prisoners, mainly guerrillas captured while planning or carrying out attacks. They also demanded publication of their long political communiqu# in the press and on the radio; it was mainly a call for the Guard to rebel against Somoza. The National Guard was embarrassed and wanted to launch what would have been a bloody frontal attack. Somoza, perhaps advised by his lobbyists and friendly US Congressmen, met most of the demands including the release of 59 prisoners and a safe conduct to the airport for the guerrillas. Venezuela and Panama sent planes to pick them up.

I was surprised at both the daring and the success of this attack. My impression of the National Guard was that it was a strong fighting force with pretty good intelligence while the Sandinistas, the guerrillas, were militarily weak, able to do some insurgent sort of actions but without real military training or power. It was only some months later when I got more details that the incident began to make sense to me. I learned the attack benefited from a trick and exceptional good luck. The Guard had learned about the impending attack on the Congress at the last minute and had told the small contingent at the national palace that they were sending major reinforcements. When, minutes later, these insurgents dressed in National Guard uniforms appeared in a vehicle stolen from the Guard, the troops naturally thought these were the promised reinforcements. They didn't oppose them; they welcomed them, and they turned out to be the bad guys, the Sandinistas. In short this was no test of military capability, but the Sandinistas did again show themselves to be daring and brave. Certainly they must have thought that the Guard would attack and many of them would be killed. If many civilians had been killed, the country might have arisen against Somoza. The other thing this incident demonstrated was that Somoza was

a much less brutal dictator than many in Latin America. Most would have sent their troops in shooting. Somoza negotiated a deal which was very favorable to Pastora and his gang.

This dramatic attack and its success put the Sandinistas clearly at the head of the many opposition groups. We were aware that there was considerable Cuban and communist influence on the Sandinistas. We perhaps paid too little attention to this aspect, in part because Somoza raised it at every opportunity — the alternative to Somoza was to have Nicaragua run by Castro. We didn't think that was the only alternative. There were many moderate democratic groups in Nicaragua, although the non-violent opposition was divided and disorganized. Another major consequence of the Palace attack and its aftermath was that it forced the Carter Administration to look again at the policy of distancing and not taking an active role in promoting constructive change. The arrival of Pete Vaky in July as the new Assistant Secretary for Latin America also provided new leadership to question the distancing policies.

Q: Todman had been offered an ambassadorship, and he resigned, so Vaky replaced him. Vaky had been ambassador to Venezuela, so he had known Perez...

BUSHNELL: Oh yes.

Q: ...presumably quite well. Do you think they influenced each other's thinking?

BUSHNELL: They probably did. It's certainly the job of an ambassador to influence a president's thinking, and Vaky was a good and experienced ambassador. CAP was a very sharp and articulate politician so he had some influence on most people he spent time with. CAP certainly influenced President Carter.

Q: Did you sense that Vaky did represent a difference in perspective from Todman as far as Somoza was concerned, at the beginning?

BUSHNELL: I don't recall specific timing because so early in Vaky's tour, within the first couple of months, there was this takeover of the palace, which changed the circumstances. However, very shortly, if not before he even came to the job, Vaky seemed to believe Somoza's continuation in power in Nicaragua was a big problem for broad US national interests. I don't think Todman ever reached that conclusion

Q: It thrust him right in the middle of it.

BUSHNELL: We weren't involved in the Palace incident. We were observers. But it demonstrated that things were on the move and that the obvious alternative to Somoza was these Sandinistas, who were not the alternative that we wanted to see in power. We didn't see them at that time as being in Castro's pocket, but many Sandinista leaders were either communists or otherwise closely associated with Castro. Others such as Pastora were more idealistic, anti-Somoza liberals. I don't remember what Vaky's feeling was before the Palace take-over, but that certainly gave him both the reason and the peg to challenge this policy of so-called nonintervention and to say we needed to get involved because we don't want to have Somoza and the Sandinistas just duel it out until one of them wins. Both of them were unsatisfactory, and we needed to get involved to work toward having a more moderate, middle-of-the-road group be the successor to Somoza. As I recall, Bob Pastor moved substantially from his previous position, and, in fact, the whole government moved. It was exciting to see real world events and Vaky's leadership move policy nearly 180 degrees. When push came to shove, all this talk about nonintervention, which may be alright if you're just answering a letter, took a back seat when real world events put national interests more obviously at stake. The possibility that we might have another Cuba in this hemisphere caused many minds to clear in SP and on the 7th floor. But maintaining the principal of nonintervention continued to be a major plank for many in the Carter Administration, and these concerns forced Vaky to pull many punches, including what might well have been the key punca clear personal message direct from President Carter to Somoza that he should turn over power. Vaky worked fast

to get agreement for the U.S. to provide leadership in getting a process, working through the OAS, to mediate a settlement between Somoza and the many democratic Nicaraguan groups and parties.

Q: Vaky apparently spent a considerable portion of his time on Nicaragua from the very beginning.

BUSHNELL: His first priority on arrival was the numerous personnel changes and other administrative things. Then the Palace take-over hit, and from then on he was Mr. Nicaragua.

Q: One thing led to another.

BUSHNELL: Nicaragua was the on-going crisis through all of Vaky's time. The other crises that came along, such as the Jonestown disaster, I largely did. I also had to make time to assure that the more routine work of ARA got done. Thus I was not involved with Nicaragua on a daily basis. I did not attend the meetings at the White House or on the 7th floor, or even some of the fairly large Nicaragua working sessions Vaky held. Usually I did not see cables before they were sent, nor did I talk with the mediators or the Embassy on the phone. A large part of Vaky' morning deputies meetings was devoted to Nicaragua, and I read all the cable traffic and often cleared the daily press guidance. Thus I was reasonably well informed, but I was not a policy actor on Nicaragua until mid-1999 when political-military and economic issues became important. There were periods when I was disconnected from what was going on in Nicaragua.

Q: Vaky apparently wrote a very large portion of the memos and cables himself, which is a little unusual for an assistant secretary, isn't it?

BUSHNELL: Yes, assistant secretaries seldom have time to do first drafts. However, Pete was one of the Foreign Service's most experienced drafters, and I think he liked to do the first draft of policy papers or cables because he was exceptionally good at getting the

nuances slanted in just the way he wanted policy to move. I would sometimes do press guidance myself on other subjects to get the nuances just right. I don't actually recall that he wrote a lot of things himself. I think he wrote some memos to the Secretary and later guidance cables for the mediation and other approaches to Somoza. My recollection is that he first worked on Vance, sort of bypassing Christopher, to get Vance on board for a more active US role in Somoza's exit to avoid a Batista-to-Castro situation [Batista was the Cuban dictator overthrown by Castro]. Vaky got Vance on board, and then they worked to bring the President on board. I wasn't really involved in that.

I do remember a discussion Pete and I had, just the two of us, at the point where we were going to have to appoint somebody as the US negotiator on the OAS team. Who should that be? I remember saying I didn't think anybody could do it better than he, but he felt he needed to stay home to backstop the negotiation and work on supporting signals from the highest levels here. That's when Bowdler was suggested.

Q: Okay. Who suggested Bowdler and why? He was then...

BUSHNELL: He was the Director of INR.

Q: And he'd already had several ambassadorships, in South Africa and...

BUSHNELL: Guatemala.

Q: In fact, he had a pretty distinguished career up to that point.

BUSHNELL: I don't know who first suggested him, but it was certainly a good idea. He fitted very well. He's a good negotiator, sort of an Ellsworth Bunker type negotiator. He's fluent in Spanish but had never served in Nicaragua and did not have a public image of being either for or against Somoza. He, of course, had an important full-time job as director of INR, and making him available showed Vance's dedication to the Nicaragua-

negotiation enterprise. He worked on Nicaragua basically full time for the following six months.

Q: Who else were the principal advisors for Vaky on Nicaragua and related phenomena?

BUSHNELL: Brandon Grove came on as the Deputy Assistant Secretary covering Central America, replacing Sally Selton, and he was Vaky's principal backstopper. Wade Matthews was the country director through most of the mediation period. At some point, probably in late 1978, he was replaced by Brewster Hemenway

Q: Apparently Vaky, according to Lake's book, got rid of Matthews. Todman had brought him in, because, according to Lake, Todman had been much impressed with a memo that Matthews had written on Nicaragua when he was in the mission to the OAS.

BUSHNELL: I don't know anything about how Wade came into the job. My recollection was that Wade's tour was up. He had been there for about two years by the end of 1978. I don't remember that his tour was curtailed.

Q: What could you say about Matthews? Was he influential?

BUSHNELL: He was a strong country director, which is what we needed on Central America because, these being small countries, we got quite junior officers as country officers, often on their second or third tour, their first Washington tour. Thus the country director had to do the heavy lifting and at the same time train and develop the junior officers. Wade disagreed with the extent of our human rights emphasis, and he also was offended by the efforts of the political appointees in HA to micro-manage relations with his countries, for example by insisting on clearing every letter to Congress and every piece of press guidance [matters usually handled in the regional bureaus within the context of established policy]. Moreover, HA tried to make policy by inserting things in these routine communications that went beyond established policy.

Q: Matthews was fairly influential during this period. But he's handicapped by not having a strong Nicaragua desk officer or someone with experience in Nicaragua.

BUSHNELL: I don't think he was very handicapped by lack of country experience. Wade studied Nicaraguan history and knew more about the history of the Somozas and about current developments than most who had served in Managua, certainly more than the officers in HA who mainly brought to the table the stories they were fed by the NGOs and activists. During 1977 and 1978 there was a perception that ARA was continually fighting with HA. Wade was the ARA officer most associated with this fighting, perhaps other than myself because of our debates in the Christopher Committee. Wade seemed to enjoy this role. He was determined not to let HA exaggerate or state anything they couldn't prove. He worked hours and hours on reports, memos, and cables which required HA clearance. It was guerrilla warfare. I didn't become involved until the bureaucratic/policy struggle had gone on for a long time and the Central American deputy, Shelton or Grove, had not been able to find a compromise. Finally, when something had to get done, I had to get involved.

However, Patt Derian and Mark Schneider usually became involved much earlier and did much of the HA negotiating with Wade. Despite his lower rank, Wade negotiated firmly with them although they would attack him personally and accuse him of not supporting human rights. He was not against human rights; he just thought that the HA's public approach was not the best way to improve human rights and that Central American policy was being hijacked by the human rights activists at the expense of our national security interests. Whether he was influential or not is hard to say, because he would seldom go to the Christopher Committee or other meetings where policies were decided. He was highly respected by Todman, but I think Vaky saw that Wade had become too confrontational and too enmeshed in the details to play a strong policy role.

Q: Brandon Grove was much involved here.

BUSHNELL: Brandon must have spent well over half his time on Nicaragua. He had a thankless job. Because Vaky micro-managed Nicaraguan policy and so many senior policymakers were involved, his role was reduced to moving the immense volume of routine paperwork and trying to keep it consistent with our rapidly changing policy. Like Wade he had to take up the slack from inexperienced desk officers.

Q: How about Mauricio Solaun—how do you pronounce it?—the ambassador?

BUSHNELL: I don't recall that we ever got a policy recommendation from him.

Q: He was a professor.

BUSHNELL: He was a professor, and I don't think he ever understood what was going on in Washington. As ambassador he was the point were the policy issue of intervention or noninterference met the road. If I had difficulty with our arguing we would not intervene when in fact we were exerting influence in so many ways, imagine his dilemmas as virtually every move our ambassador in Managua made, or even didn't make, was seen by someone as trying to affect the future of Nicaragua.

Q: So that was unfortunate, we didn't have a strong ambassador.

BUSHNELL: Possibly. I'm not so sure. If we'd had a strong ambassador like Bowdler in the first year or more of the Carter Administration, there would have been more policy recommendations from the field and a greater effort by the Embassy to get rid of some of the ambiguities in our interfaces with the government. However, I don't think Washington would have faced the real dilemmas of Nicaragua before the Sandinistas got everyone's attention through the Congress take-over. Once the mediation efforts got underway, Bowdler was in effect the ambassador for all policy purposes, and Ambassador Solaun was just running the embassy, administrating things. At that point it might not have been

good to have had too strong an ambassador who might have gotten in Bowdler's and Vaky's way.

Q: Aside from that, I gather, again from Lake's book, that the embassy was not very well equipped with strong, imaginative and incisive people.

BUSHNELL: I think that's probably true. At least I don't remember any. However, the substantive State staff at the Embassy was less than a half dozen. The total Embassy was quite large because of the many AID, military, and other agency staff. The embassy was internally divided. The military attach#s and the military mission, which was eventually withdrawn, were not in favor of distancing from the military and did not distance on a daily basis despite the policy pronouncements from Washington. I don't recall any efforts by Solaun to impose discipline on the Embassy.

Q: Our military were close to the National Guard?

BUSHNELL: Yes. They worked with the National Guard everyday and partied with them after work. The AID people were being thrown around by the ups and downs of our assistance policy, although it was quite a capable AID mission; it was quite good at managing. I had quite a bit to do with them, especially in 1979 and 1980.

Q: What were the AID people doing mainly?

BUSHNELL: They had a whole range of projects with small technical assistance efforts in most ministries and large loans for such things as feeder roads, water and sewerage, and lending to small farmers and businessmen.

Q: Was it a big AID mission?

BUSHNELL: Fairly big, yes. I was quite frustrated by its size and nature. Beginning with the Rockefeller period in the 1940's, we had set up technical assistance programs in small Latin American countries, and in some larger ones too, where we established joint offices

with the government, so that the AID health office, for example, was physically in the Health Ministry and was an integral part of the Health Ministry, providing technical and sometimes financial assistance. The AID health officers didn't have an office in the AID building; they sat in the ministry, and over the course of the decades they really became an integral part of the ministry. The situation reminded me of the former French colonies in Africa where French advisors had offices in many ministries. AID, as a matter of worldwide policy, was at this time beginning to draw back from this approach. But in Nicaragua it had not drawn back much. Thus despite our policies of distancing and nonintervention what the average Nicaraguan saw was American AID personnel going to work in most of Somoza's ministries and the US military going to work with the National Guard.

I became involved in Nicaragua, as well as in some other places, in trying to get such close associations reduced. In Washington there was great interest in the question of whether or not we would make new AID loans to Nicaragua. However, there was zero interest in whether or not American AID personnel were integral parts of Somoza's ministries, which, by the way, I found had a major role in handing out the jobs, grants, and bribes that assured votes for Somoza. I was trying at least to get the AID advisors out of the ministries and back in the AID mission so we wouldn't be seen to be so much in bed with the Somoza government. The erraticness of Washington's focus is almost unbelievable. We'd be debating for hours in Washington, involving even the Deputy Secretary of State, whether we should send some 25-cent item to replace a defective swivel on a gun. At the same time we'd have some US military training team in Nicaragua out on the ranges demonstrating anti-guerrilla techniques to the National Guard. There were so many disconnects like this that, as you got into the details, you saw that the US government is such a big ship with so many parts that without the strongest, focused leadership and policy we're giving conflicting signals all over the place. Nicaragua was not unique in this.

Q: What was the CIA doing, in the field and in Washington?

BUSHNELL: Not very much.

Q: Neither place?

BUSHNELL: Neither place.

Q: Were they sending back good analyses?

BUSHNELL: No, they weren't sending back much of anything. They had a very small station that had been downsizing for years. They had a few good sources in the National Guard, but as far as I could see they got almost no information from inside the Sandinista organization. Some years previous the station had practically been an integral part of the National Guard's intelligence operation. Fortunately by 1978 that relationship had been much reduced. However, there were no priority intelligence targets in Nicaragua, and staffing in both size and quality reflected that.

Q: Of course, much of what they send back goes in one copy all the way into the inner valts of Langley, but you're reasonably certain that there was not much that was useful coming out of there.

BUSHNELL: Yes, I'm sure. Some reports on National Guard human rights violations or the personal peccadilloes of Somoza may have been given such exclusive distribution that I did not see them. But I pressed, beginning early in 1978, for more on the Sandinistas and other opposition groups and on dissension in the National Guard. Almost nothing was forthcoming. We learned that a coup to remove Somoza had been under development within the National Guard during the summer of 1978 only when the leaders were arrested. Pastor's book states that the main reason the Sandinistas attacked the Congress was to stop this coup which would have gotten rid of Somoza and thus made it much more difficult for the Sandinistas to gain political control. Both Somoza and the Sandinistas were able to get much better intelligence on each other than we got on either.

Once Bowdler became involved he tasked INR, which he continued to head, to get Nicaraguan intelligence improved. We did get a lot more information once the fighting intensified in the spring of 1979, but most of this was not from the station but from technical sources. On key points there were monumental intelligence failures. The most significant was that the Cubans began air lifting artillery pieces and ammunition into northern Costa Rica whence they were easily moved across the border by the Sandinistas. About early May of 1978 I asked CIA where the Sandinistas were getting the big shells they were using against the National Guard in significant number. The analysis I got back was that they must have been stolen or bought from the National Guard. Only when I encouraged Ambassador McNeill to get Costa Rican permission for us to station a small military detachment at a northern Costa Rican airfield in late June in case we had to evacuate the Managua Embassy on short notice, did we learn the Cubans had been using this field for their virtually daily supply flights. The entire intelligence community had missed this quite massive Cuban supply operation which had been going on for a couple of months. More than a million pounds of arms and ammunition had been flow into Costa Rica for the Sandinistas with the full knowledge and cooperation of the Costa Rican government. Even earlier Venezuela and Panama had supplied much military equipment to the Sandinistas through Costa Rica, but our intelligence missed this too. Some of the shipments, particularly arms from Venezuela, had even gone through Panama where the U.S. had a very large but obviously sleepy intelligence operation. Would there have been a different outcome if we had had reliable information on the extent of the Cuban involvement? Who knows? We almost certainly would have tried to stop such Cuban supplying of the Sandinistas just as we tried to stop ammunition sales to Somoza.

Q: According to Lake's book again, the press there were pretty well informed about what the Sandinistas were doing.

BUSHNELL: I think the press was fairly well informed about some things, but certainly not on military questions. The Sandinistas were close to parts of the press and fed the press

information and probably misinformation too. But I would have liked to have known more about the internal dynamics of the Sandinistas, and the press was neither informative not reliable on this sort of issue. The Sandinistas consisted of three warring factions which had been brought together by Castro.

Q: Castro really was a major factor?

BUSHNELL: Oh, decisive. These three factionat times in the early 1970s they were even fighting each other physically, shooting at each othewere brought together in a Havana meetings chaired at least part of the time personally by Castro. In my view the Sandinistas were held together by the Cubans throughout. After July 1979 the role of the Cuban ambassador in Nicaragua was peacekeeper and arbitrator among these three factions while they were the government. The reason Nicaragua was governed by a nine-man Junta was so that the three top leaders of each faction could be equal. But we didn't learn much of this on a timely basis; our intelligence stunk. In all likelihood accurate timely intelligence on the major Cuban involvement would have changed our policies and we could have avoided the communist takeover of Nicaragua. Thus Reagan, if he had known, should have attacked our inadequate intelligence more than Carter's policies.

Q: Now, what was this mediation process? Explain how that worked and what it was doing.

BUSHNELL: I don't recall the details, but essentially the objective of the OAS mediators with Bowdler as the lead was to pull together the anti-Somoza businesspeople, community leaders, and politicians with the support of the church, in other words, the democratic-leaning people who wanted Somoza out. There were political parties, business groups, and the Group of 12, an intellectual group close to the Sandinistas. They formed something that was called the Broad Opposition Front, FAO, which represented much of the society excluding the Somozas. The OAS objective was to get a deal between the FAO and Somoza to have an early election with conditions which would make the election honest and agreement that, if Somoza lost, he'd leave the country, and if he won, the

others would respect him or whoever he ran — it wasn't clear whether he would run or nominate his candidate.

Q: Did this have some kind of an OAS umbrella?

BUSHNELL: Yes, with great effort we arranged for Nicaragua, both the government and the opposition, to request the good offices of OAS mediators in, I guess, September. There were three mediators, Bowdler and two others.

Q: Dominican Republic?

BUSHNELL: Yes, Dominican Admiral Jimenez and former Guatemalan Vice Minister of Foreign Affairs Alfredo Obiols.

Q: But the other two were mainly looking to Bowdler?

BUSHNELL: Yes. Bowdler made a major effort to keep the effort tripartite and to give each of them a visible role, but it was clear Somoza wasn't going to give them the time of day, except maybe where he thought he could control the Guatemalan through his back channels to the Guatemalan government.

Q: But Bowdler had Jim Cheek and...

BUSHNELL: Yes, Bowdler asked ARA to provide him with staff assistance. We assigned Malcolm Barnaby, a very experienced Foreign Service Officer with mainly Latin American experience who headed the Andean Office. Bowdler also asked for Jim Cheek, who was the DCM in Uruguay at the time but had been a political officer in Managua during the early 1970's who developed excellent contacts in the opposition. Cheek had disagreed with the ambassador at the time and had reported Somoza's stealing of disaster aid in State's dissent channel, receiving a Rivkin award for his actions. Bowdler had a small team, and the embassy and ARA supported him administratively. There was a tremendous amount of work to do to get this disparate opposition group to agree on anything except

Somoza's immediate departure. Our objective was to develop a political group that might win an election while maintaining the National Guard to prevent a Sandinista take-over by force. There were practically daily crises as some part of the FAO threatened to resign or did, or as Bowdler called for more pressure on Somoza from us. Somoza would agree to an election with conditions, but the FAO would demand he depart first. The mediation had many ups and downs, but the violence in Nicaragua largely stopped during this period. Of course, all sides were continuing their preparations for further fighting. At one point Somoza announced he would double the size of the Guard, and he got military supplies from Guatemala and El Salvador.

Q: Vaky was very much in...

BUSHNELL: This was Vaky's baby, yes. An awful lot was done between Vaky and Bowdler back and forth on the secure phone. Occasionally, something like the IMF drawing would come up that would involve me in an action role. On some points I tried to improve the staff work. For example, there was the question of how to make an election in Nicaragua reasonable honest. HA simply claimed it was impossible. I worked with the ARA staff, the embassy, and the intelligence community to pull together the best possible picture of how elections in Nicaragua had worked. The opposition said they had to have all new polling places. Somoza wanted to maintain the existing polling places. We found a lot of the traditional polling places were in schools and other public buildings as is common worldwide. But a lot of polling places, particularly in rural areas, were in the homes of leading Somoza supporters or in their the business premises, so people had to go to Somoza territory to vote. Similarly we found the Somoza infrastructure was such that there was a considerable number of little things Somoza could do to influence elections. Somoza officials were responsible for registering voters, and opposition supporters were given impossible documentation requirements, for example. Somoza and his close associates controlled most of the radio, TV, and other media, even billboards. Finally, these and many other issues couldn't be resolved. The opposition saw any election scenario as some kind of trick for Somoza to stay in power. But in Washington most senior

officials found it hard not to go along with Somoza's insistence on elections. Not to accept the results of a free election would have been the most extreme form of intervention. There were more election schemes than I can remember. We went from a presidential election to a vote on whether Somoza should stay or go. We had international supervision of the election and then international monitoring. Increasingly Vaky thought Somoza was just buying time.

Q: He wanted to stay till 1981 somewhere in there.

BUSHNELL: At the time it appeared to me that Somoza was simply not willing to give up power even to handpicked associates. In a January 1979 PRC meeting (Policy Review Committee) I attended, chaired by Christopher, CIA director Turner reported that Somoza had been strengthening his forces during the mediation while the opposition was losing support. This CIA assessment was dead wrong at the time it was given and very misleading to our senior policymakers. But none of us had sufficient information to question it, although the December Sandinista announcement of unity from Havana should have raised many red flags. Bowdler and Vaky were ingenious in finding schemes to satisfy both Somoza and the opposition, although several groups left the Broad Front unprepared to play out Somoza's election ploy.

Q: Sounds to me like they're really trying to micromanage a complex situation, and politics everywhere are hard to control.

BUSHNELL: The whole situation was full of ironies. Less than a year before I had sat in Christopher's back-office and lost the argument that our relations with Nicaragua were so complex that we could not avoid being seen to intervene regardless of what we did. The very people that at that time had been so strongly opposed to telling CAP we would cooperate with him to move Somoza out were now spending their days and nights on schemes for supervised elections and conditions to offer Somoza residency in the United

States. Why couldn't we have told Perez we'd work with him before he got in bed with Castro?

As I recall, Somoza was always careful not to say no. He would just say a few things need to be changed. Finally, in January everyone had had enough of this game, and we moved to what we called sanctions, although we did not, as some had proposed, close the embassy and stop all US programs. The two big sanctions were recalling Ambassador Solaun for consultations [he never went back, but I doubt Somoza missed him] and closing the military mission. Of course, I didn't see why we hadn't withdraw it before, because we had cut off military assistance. What did we need a military mission for? Anyway, that's another worldwide argument that goes on with the military forever. By the end of March the Sandinistas began to show much more military capability. They began to take over some rural areas and hold them; by May they had heavy artillery; they were better trained and better equipped. It was a quantum jump in military capability from their earlier hide-and-seek guerrilla activities.

Q: You're saying that by March 1979 the Sandinistas...

BUSHNELL: By March I began to get the impression the Sandinista military was for the first time making significant progress. There really was an insurgency with substantial forces which was challenging the National Guard in some significant fighting and was occupying parts of the country.

Q: And you thought this was because of Castro's support?

BUSHNELL: I didn't at the time. I was puzzled by what was going on, and I was not able from our intelligence or military people to get a real fix on this. In fact, Sandinista military capability continued to grow through July of 1979.

Q: That was the end.

BUSHNELL: July 17 Somoza left, and July 19 the Sandinistas took over.

Q: How did you subsequently learn of it?

BUSHNELL: There were clues. Certainly in retrospect I see more clues now. We saw the Sandinistas were getting arms. We thought they were buying them. We thought they were getting some from Panama and Venezuela. It's a funny story how I learned about the Cuban air supply of arms. During the last part of June into July, when the situation was deteriorating...

Q: It was July 1979.

BUSHNELL: ...and in the outskirts of Managua there was fighting. By that time Ambassador Pezzullo was there. We were concerned about the safety of the embassy staff and other Americans and began thinking about an urgent evacuation. This project was my responsibility as Vaky and Grove were fully occupied with political efforts to avoid a Sandinista take-over. Of course, in the Caribbean we can get US Navy ships fairly quickly because the Navy usually has some ships in the area training or on other missions. But the Navy seldom has ships in the Pacific anywhere near Managua. So I came up with the idea that we should establish a small forward base for helicopters to support an evacuation in northwestern Costa Rica at the big airfield at Liberia. Frank McNeill, our Ambassador in Costa Rica, went to Costa Rican President Carazo and asked for permission for the proposed flights and support — a communications center and small supply station with a couple dozen military to support helicopters. Helicopters from there could be in Managua to lift people out in an hour or so. Carazo initially approved, and I had the military send in the team and choppers. The Pentagon sent a general from Washington to oversee the setting up of this little operation, acting on my request to make sure it went smoothly and did not antagonize the Costa Ricans.

He was in Costa Rica for only a day and two, and he came back and said, “John, you don't know what we stepped into there.” I said, “No, what did you step into?” He said, “That airfield is being used by the Cubans. Flights were coming in direct from Cuba, landing there, big transports unloading heavy military supplies heading right up to the border. And when we went in there, they had to stop.” That was the first I learned there was that kind of Cuban supply. Subsequent reports indicated some flights also carried soldiers, Cubans, returning Nicaraguans, or others, who also went immediately into Nicaragua.

Q: Didn't we have aerial reconnaissance, the satellites? Didn't they have pictures by then?

BUSHNELL: The capability existed, but I guess no one ever thought to have a good look at the Nicaraguan border area and the Liberia airport. At least they never picked it up, they never identified it.

Q: Of course, then they were keeping secret that we had the MRO.

BUSHNELL: One has to target satellites. We weren't targeting them on Costa Rica. Of course, very quickly the Costa Rican left stirred up a terrible fuss in the Costa Rican Congress, arguing our military use of the airstrip was unconstitutional because it had not been approved by the Congress. In effect the Costa Rican Congress voted us out. The Cubans then used the facility again, although the Cuban military did not have authority from the Costa Rican Congress either. Perhaps all these Cuban planes and personnel were civilian. Our intelligence community first learned about this critical Cuban supply-line in the same way I did. Of course they followed up and gathered information to estimate the number of flights, the equipment, and supplies.

Q: You were talking about the mediation process. Who was overseeing this? Vaky obviously, but was Vaky the only puppeteer who was pulling the strings?

BUSHNELL: Vaky and Pastor.

Q: Were they getting along fairly well by this time?

BUSHNELL: Vaky and Pastor always got along. The problems were between Todman and Pastor. Christopher was certainly involved, and Vance was involved to some extent. They were kept involved with night notes which then went to the President. That's one way I kept informed, by reading the night notes. Sometimes the notes would come back with guidance or questions from President Carter. There were numerous high-level meetings including the Secretary of Defense, the Chairman of the Joint Staff, the Director of CIA, and the National Security Advisor, or in some cases their deputies.

By about the end of May the Administration began to see Nicaragua as a crisis, and it competed for attention with the Salt Treaty, the Panama Canal legislation in the House, and the Soviet/Cuban expansion into Africa. More intelligence and military resources became available. About that time the increasing Sandinista military capability became apparent to everyone, except for CIA which continued to predict that Somoza could weather the storm. INR, which was quite prepared to throw lots of resources into Nicaragua analysiBowdler was still director of INgave us a detailed briefing every morning on the military situation. By that time we did have satellite and other technical intelligence. I remember well that I had to get up earlier to get to the office for this briefing. Soon it looked to me like the Sandinistas might simply win militarily, taking Managua. We hadn't really contemplated a Sandinista victory before; it raised the whole specter of Castro influence and the possibility of a second Cuba on the American mainland. Before May I think everybody's view was that the National Guard would always be around, the National Guard would be a dominant force, and the trick was to get a civilian government that would control the Guard but keep them in place to counter the radical guerrilla groups. But the military situation continued to deteriorate; the National Guard was drawn back into its bases near Managua, and the rest of the country was just left to the Sandinistas. Moreover, there were days on the southern front when the Sandinistas would fire 500 shells. This was beginning to be real war.

The deteriorating situation raised all kinds of policy issues. Essentially it began to look like we might have to choose on national security grounds between the Guard and the Sandinistas and their Cuban friends. There was even consideration of an OAS peacekeeping force with major American participation, although this got a negative reception in the OAS. There were many difficult issues, and the policymakers continued to be driven in part by a desire not to intervene or be seen to intervene. The National Guard began to run low on certain ammunition; of course they turned to us; we refused to resupply them. Then they went to places like Taiwan, and the question was should we stop them from getting supplies from our friends. That was a big policy fight; I recall they eventually did get some things from Taiwan, but I don't know who, if anyone, gave permission. They got a lot of supplies from Guatemala against our wishes.

The final days of Somoza as we moved into July are a blur to me now. The situation on the ground moved faster than we could formulate effective policy in Washington. We finally tried to identify an effective new head of the Guard to take over once Somoza left Nicaragua. But the Guard deteriorated too fast. Toward the end of June the Guard killed an American ABC News correspondent in cold blood on camera, with the unintended consequence that efforts by the US Right and such Congressmen as Wilson to force support for the Guard were virtually stopped. Finally, Somoza resigned and flew to the United States. The Congress elected its House speaker, Urcuyo, president. An elaborate plan had been worked out for Urcuyo to turn power over to a five-person Junta Bowdler had assembled in San Jose from the more moderate Sandinista supporters. There was then supposed to be a new Guard commander. I don't remember all the details, but we had made a major effort to have a somewhat democratic-oriented government that would keep the Guard while reforming it. In the event Urcuyo refused to play his role, perhaps because he panicked and perhaps because he and Somoza never intended the complex plan to work. Urcuyo and most of the senior leadership of the Guard fled the country, and the Sandinistas took over.

In retrospect I should have pressed harder and earlier to assure most of the Guard leadership stayed in place. Otherwise the Guard was in great risk of disintegrating. But many in the Administration as well as Ambassador Pezzullo justifiably disliked the senior Guard officers whose human rights records were generally bad. It was hard to argue that for national security reasons the Guard should only be cleaned up slowly while it kept a Sandinista take-over at bay. Somoza and most of the leadership of the Guard came to Miami. Although the Guard was close to being defeated anyway, the departure of the leadership made it 'run for your life, boy, cause it's over'. The Sandinistas marched into Managua unopposed. Only then did we began to get reports of who was in the Sandinista forces; there were lots of Chilean communists and lots of Salvadoran guerrillas, whole units. There were reports of Cuban officers and even Cuban soldiers, although the numbers are unclear. The Sandinistas had leftish cadre from all over the hemisphere fighting with them.

Q: Do you think the negotiations were doomed from the outset, or do you think we should have done something differently? Clearly the time to do something would have been at least two years earlier; at the end was it hopeless?

BUSHNELL: It is my belief there could have been a different outcome if, in late 1978, we had intervened to force Somoza out when the broad front was ready to replace him and before the Cubans and the international cadre greatly increased the military power of the Sandinistas. It would have taken direct involvement by President Carter, talking to Somoza, because the US government was too divided for any messenger to have sufficient credibility. Carter might have said something like this: “The time has come for you to leave; unfortunately your name in a lightning rod for internal and external opponents. Place the National Guard in good hands to defend your family's interests, but find a way to hand over now to the broad front. This is the last best hope for Nicaragua, for your fortune. You can come to the United States.” There's a good chance that Somoza would have taken that golden bridge.

Somoza thought throughout that the U.S. was not going to really push him, and he, of course, turned out to be right. Neither he nor we realized that other forces might come into play to push him out and that the Venezuelans, the Panamanians, and the Cubans were willing or able to do as much as they did. I think Somoza just didn't believe the U.S. would let the Sandinistas take over. He didn't believe that the U.S. would let Cuba get the influence in Nicaragua that in fact Castro got. Of course, that was not our intention. If our intelligence had been better or we had maintained a relationship of confidence with CAP on Nicaragua, we would certainly have seen this coming communist take-over early enough that we could have done something about it, stopping the outside support, strengthening Somoza, or forcing the negotiated solution we seemed fairly close to in November and December. But we didn't see it coming, so the situation ran its course.

Q: Do you think Vaky, Bowdler, and Pezzullo did whatever could have been done? We can't really hold them responsible.

BUSHNELL: In this type of situation nobody is responsible. Everyone tried to do his job as well as he could. Many were responsible for the low priority placed on intelligence. All of us should have woken up earlier to the implications of a military defeat of the Guard by the Sandinistas. All of us in State, CIA, and the NSC should have been alert that Castro's aggressiveness in Africa would likely have a counterpart in this hemisphere. I tend to fault those in the Carter Administration who gave this great intellectual importance to nonintervention while in fact intervening in a great many ways but then pulling back from that decisive last step of intervention. One can fault the supporters of Somoza in the United States, including many in earlier Administrations, whose words and actions led Somoza to believe he could muddle through the opposition of Vaky, Pastor, and Christopher.

Q: Who was issuing the instructions?

BUSHNELL: Most of the time Vaky was issuing the instructions or at least drafting the key cables for clearance on the 7th floor and in the White House. There were times in the last couple of weeks when I talked with Pezzullo; probably the 7th floor also talked with him. One of my concerns at that point was that we didn't want a total Sandinista military victory. We wanted to preserve the Guard, not necessarily every general and colonel in the Guard but the Guard as an institution, as something that could be a counterbalance to the substantial Sandinista military forces. I had the impression that Pezzullo did not really share that objective, but perhaps he just had a more realistic impression on the possibility of holding the Guard together at that late stage.

Q: What happened to all the cast of characters? Bowdler replaced Vaky.

BUSHNELL: Yes, in October soon after Vaky retired, Bowdler replaced him.

Q: Did Vaky want to retire at that point? He must have been battle weary.

BUSHNELL: My recollection is that by the summer of 1979 we were all pretty battle weary, but I frankly don't know why Pete retired. It came as a complete surprise to me when Vaky told me he was going to retire. I have no recollection of him saying why. I'm quite sure he was not forced out. It's always been a mystery to me.

Q: This was the fall of 1979.

BUSHNELL: He'd only been in ARA slightly over a year.

Q: But what a year.

BUSHNELL: His wife had been sick. My recollection is she was sick in the heat of the Nicaragua negotiations, in December and January. She had an operation or something, and Vaky wasn't able to spend the time with her that obviously he would have liked because of what was going on. I speculated in my mind at the time that his wife wasn't fully

recovered and that's why he was retiring. But his wife's still alive today, so I think that was not right.

Q: What happened to Pezzullo?

BUSHNELL: Pezzullo stayed in Managua as our ambassador and worked very hard to establish a friendly relationship with the Sandinista government. Actually he went back. We evacuated him as the Sandinistas entered the city. But I arranged for him to go back on the first military flight of relief supplies a few days later. The rest of us took a deep breath and moved to the next stage, which was trying to work constructively with the Sandinistas. Pezzullo stayed quite a few months into the Reagan Administration, until about the middle of 1981.

Q: I guess we can talk about Bowdler later too. Somoza went to Florida with his retinue. What happened to him?

BUSHNELL: Somoza was in Florida a short time, but we refused to give him permanent residency and made it clear we would not block an extradition request from the Sandinistas. Christopher dealt with his lawyers and, I think, made clear we preferred for him to leave. He went to Panama and then to Paraguay. Stroessner, the dictator in Paraguay, gave him refuge there but did not provide much protection. It was only a little over a year before he and his American financial advisor were assassinated, September 17, 1980, by some of the Argentine Montoneros, led by Enrique Gorriaran Merlo, who had fled to Cuba and then moved into Managua with the Sandinistas. Among the many non-Nicaraguan Sandinistas were Argentine guerrillas who set up their headquarters near the Managua airport. They knew the southern cone area and agreed to do the Sandinistas the great favor of ending Somoza's life to avoid him ever becoming a rallying point for resistance to the Sandinistas. Even nearly 20 years later Sandinista ex-president Ortega is still working actively to get Gorriaran out of an Argentine jail; he was sentenced after

involvement nearly a decade later in an attempted coup in Argentina in which many were killed.

People are puzzled why the Argentine military was the first to train and support anti-Sandinista guerrillas in Nicaragua. Some even seem to think this was an Argentine favor for the Reagan Administration. The first anti-Sandinistas were trained and supported by the Argentines well before Reagan was elected. The sworn enemies of the Argentine military were the Argentine Montoneros. When they moved their headquarters from Cuba, where the Argentines could do nothing but try to watch them, to Managua, the Argentine military said, “There's our enemy, part of the Sandinistas.” So the Argentine military began to help those in Nicaragua who were actively against the Sandinistas and might kill a few, especially the Montoneros. There were even more Chileans than Argentines, many of whom have been given Nicaraguan citizenship. We found later that there were whole brigades of Salvadorans. There was a real multinational effort with the Sandinistas, but the majority of the fighters were Nicaraguans.

The days just before and after the Sandinista take-over were traumatic in the operations center where I had set up a command center. Then the immediate question was how do we relate to the new Sandinista Government. My proposal was that we do the best we can, no matter what happens in the long run, to work with the new government and move it in democratic directions. We shouldn't be accused of forcing or pushing the Sandinistas into the communists' hands. We should make it clear that, as long as they play by something resembling the rules of the western world, we'll work with them. That approach was, of course, strongly supported by Pezzullo and approved by everybody. My workload on Nicaragua increased greatly because it was not easy to gear up economic and even potential military assistance for the Sandinistas.

Q: This was during the last six months of 1979?

BUSHNELL: From the middle of July through the rest of the year and well into 1980 I was trying to manage a policy of openness to the Sandinistas. Initially we had planes flying food and medical supplies to Managua to help restore life to near normal after the fighting and other disruptions. The relief efforts were relatively easy to organize because we have emergency relief programs at alert and the US military can do the logistics well if someone has the funding to pay for it. But then things became much more dicey. The human rights situation became dicey, as the Sandinistas had kangaroo courts with no defense lawyers or even regular procedures trying and executing Somoza's followers. Many properties were expropriated including many businesses and farms owned by Americans. The Sandinistas introduced a national anthem which condemned the United States. The number of Cubans and before long even Russian advisors grew continually while the Sandinistas made it clear they did not want American technical advisors and even threw out the Panamanians and most of the Venezuelans. In big and little ways the strongly anti-U.S. views or the Sandinistas were becoming clearer, as was the immense Cuba influence.

Q: And meanwhile they were nationalizing the economy and redistributing income to urban and rural poor and otherwise instituting...

BUSHNELL: Not necessarily to urban and rural poor; that's putting too nice a face on it. They were redistributing as much as they could to the Sandinistas, some of whom came from poor families but many of whom, especially those that got big houses and big farms, came from the elite or upper middleclass. Keeping the US door fully open to the new government was a lot of work for me. We wanted to make it clear we would provide more aid than most Latin countries got from us as well as trade and other assistance, but we did not want to waste our scarce resources on a leadership which not only was not saying thank you but was actively spitting in our face. On a personal level I tried to work with many of the Sandinista leaders. I met them in New York when there was a special meeting

at the UN for them to seek donor aid as well as in Washington and at various international meetings such as the IDB annual meeting.

The only way we could finance a major economic assistance program without stopping aid to the rest of the hemisphere was to seek a large supplemental appropriation. I remember we started work on a supplemental request, maybe on a Thursday, and we decided we needed to send it to the Hill the next week to have any chance of getting it passed before Congress recessed for the year. I had the staff of PPC, ARA's policy planning office which was writing the political justification, and ECP, the economic office, in on Saturday to work on this. I went down to ECP on the third floor to review the status of its work. They were preparing a request for 25 million dollars, which would have made Nicaragua the largest aid recipient in the hemisphere. I said, “It's too small. We want to show we really want to work with these people. Let's ask Congress for 100 million.” They said, “We have to write a justification. We don't have projects to use that much. Nicaragua is a small country.”

Q: Was Gerry Lamberty there?

BUSHNELL: Gerry was there and he had his whole staff, even the trade people, going full steam. We spent all Saturday coming up with ideas, sample ideas, of what we might use 100 million for and why it was essential to make a major up-front AID effort to jump start the Nicaraguan economy. We had a first draft finished by Monday morning. It cleared AID and State quickly, but there were delays at the White House, and it did not get to the Hill in time to be enacted in 1979. Also the amount was adjusted to 80 million. There were hearings, and I spent a lot of time preparing testimony and appearing before various Congressional subcommittees in late 1979. As time went on and the Sandinistas did more anti-American things, it got harder to defend the Nicaragua supplemental.

Congressional consideration resumed in 1980. There was a decisive moment. The full House Foreign Affairs Committee was marking up the final bill. Most Democrats led by Dante Fascell were for the bill; most Republicans opposed it. Fascell was very supportive

and consulted with me closely. Larry Pezzullo was with me as well as some of my staff and several people from the State Congressional Affairs Bureau as we stood by to deal with whatever issue arose as well as to try to get whatever last vote we might. Somebody from the Republican side offered an amendment saying that the aid would be stopped if there's reasonable evidence that the Nicaraguan government was supporting terrorism. I signaled Fascell, and he came down to where I was sitting in the front row. I said, “You know, this could kill the aid effort, because these people are going to give some support to the guerrillas in El Salvador and Guatemala. Hopefully we can limit what they do, but, if this is just black and whitthe amendment doesn't say how much support or what kinsomething's going to happen that's going to trigger this.” Dante said, “Jesus Christ, John, how can I be in favor of somebody that supports terrorism? How can I oppose this?” I said, “Let's see if we can't at least get it into a place in the legislation where a presidential waiver is possible.” Dante managed to do that, but I knew at the time that provision was going to be a big problem, as it was.

This Nicaragua legislation was a big issue on the Hill. It unfortunately polarized views on Nicaragua and thus helped set-up Nicaragua as an election issue later in 1980. There was no way I could see to avoid this fight, which incidentally had the benefit to us of making it crystal clear to the Sandinistas and everyone else that the Carter Administration was bending over backwards to try to have satisfactory relations with the Sandinistas. In February 1980 shortly before voting on the Nicaraguan supplemental the House held only the third secret session in its history to examine Soviet involvement in Nicaragua. It then approved the bill; the Senate had approved it in January, but opponents managed to delay approval of a final conference report until May and to remove the small request for military assistance.

Q: The covert war against Sandinistas began in 1980 sometime. We tend to think of it as Reagan, but it began earlier?

BUSHNELL: No it did not, not action supported by the United States. Of course there were some remnants of the Guard and others who really never stopped fighting the Sandinistas. As I said, the Argentines began supporting some small bands of anti-Sandinistas in 1979, or perhaps it was 1980 before any significant Argentine assistance arrived. The Sandinistas took some time to consolidate effective control of the more remote areas such as on the Honduras boarder. Although the number was small in comparison with the significant number the Sandinistas killed, resistence fighters or common criminals did kill some Sandinistas in 1980, and there were periodic skirmishes, especially between the Sandinistas and the indigenous people on the Atlantic coast. It was a pretty messy situation, but I don't think there was any substantial organized opposition until months into the Reagan Administration.

Q: What lessons do you think we should draw from the whole Carter experience with Somoza?

BUSHNELL: I don't think we'll ever confront anything analogous to this situation again, but the key lessons are: (1) its dangerous to focus on only one aspect of our relations with a countrin this case human rightwhen we have numerous interests and objectives, and (2) it is counterproductive to allow a general principal however good it may bin this case noninterventioto limit our options such that we cannot attain key objectives. The U.S. is a diverse country with very diverse interests and interest groups; there are many interfaces between the United States and most other countries that have noting or little to do with the government. When a lot of these other interests pull in the opposite way from the government, not only is there going to be a domestic political battle, but the other country is going to have its eye on and its hand in this battle to move US policy as it wants. If the Administration had been perceived as unified and speaking for all American interests, Somoza would have seen the writing on the wall, but he had good reason to believe his many friends in the United States, including in the Congress and the military, would change the direction of US policy. Similarly, the very complexity of US interests and

voices convinced such Latin leaders as CAP and Torrijos that the Carter Administration was not a reliable ally against Somoza and extreme measures were needed. Somoza said frequently Nicaragua would be controlled by him or by Castro. We tended just to disregard that point, which was a mistake by those of us who were being paid to be more cautious. We probably would have been laughed out of court if, in the early stages, we had raised that possibility. Ironically Somoza was Castro's best asset; much of Nicaragua could agree on getting rid of Somoza even though his opposition could agree on little else; the hatred of Somoza pulled the opposition together to support the Sandinistas. Getting rid of Somoza was also the focus for many in the Carter Administration. The difference was that Castro prepared his actors for their post-Somoza take-over. Vaky and Bowdler tried to do the same through the mediation, but when Somoza stayed longer, these efforts became mute.

Q: Wasn't much of the problem earlier: so much US support for people like Somoza and Batista in Cuba and the Shah in Iran and Marcos in the Philippines. All these people were anticommunist, but we gave them so much support.

BUSHNELL: This is the same point of not focusing on a single interest. When national security was the issue and we gave no attention to improving human rights, we set ourselves up for trouble. You put all your eggs in one basket, and, if that basket springs a hole, you're in bad trouble.

The blind spot of my colleagues who desperately wanted to get rid of Somoza is that they were focused just on getting rid of Somoza. The real objective should have been a democratic government in Nicaragua. Getting rid of Somoza may be necessary to get there, but let's focus on where we want to get, not just on the first step.

Q: One point that did impress me from Lake's book is that Carter's overall philosophy may have been very healthy, but , like all Presidents on so many other things, he would get bits and pieces of information from NSC briefings, from memos from the State Department,

from all kinds of other things, and whenever he dipped into something, he had limited time and limited possibilities, he'd be besieged by Brzezinski with all kinds of things, so he'd quickly have to make a judgment on something without really knowing what it's all about. Isn't this a real problem, and don't we really need a President to have more confidence and support for the Secretary of State and give the Secretary broader support for the whole foreign policy process?

BUSHNELL: I don't think President Carter suffered from an internal information or background gap on Nicaragua. Of course in the final six months we had a massive intelligence failure; good intelligence might have made a difference even that late in the game. Carter did rely on Vance and Christopher. Nicaragua was a case where both the CIA and the pentagon were basically out of the picture, perhaps unfortunately. The two experts who most supported the President were Vaky and Pastor. I don't think Carter spending more time on the Nicaraguan problem would have made any difference. He just did not believe it was his place to tell a president who had come to power through at least some kind of electoral process, although maybe not fully democratic, that he should step down. It was alright to have people do it on his behalf, but not to do it himself. Somoza thought he could play Murphy and Wilson against Christopher and Vaky and win, or at least win time until 1981. I think Somoza believehe said in his book that he believed until the last minutthat the U.S. would not let the National Guard collapse, that we would send in troops and we would stop the Sandinistas from taking over. What a mis-assessment!

Q: We might hold El Salvador and the Reagan period, the transition and all that to the next session. Is it fair to say as a final comment that the Carter Administration seemed to be interested in the other countries of Central America, such as Guatemala, Honduras, and Costa Rica, principally because of their relevance to developments in Nicaragua?

BUSHNELL: No, I don't think that would be a fair assessment of anyone in the Carter Administration. These other countries may have gotten much less attention from the highest levels, the President and Secretary, even Vaky and myself. But no one looked at

them as linked to anything in Nicaragua. Guatemala had a terrible human rights situation, far worse that Nicaragua. There seemed at the time of the Carter Administration to be a little forward movement. In retrospect it turned out not to be sustaining, and perhaps not even real, but it moderated our policy and took Guatemala off the human rights front burner. Certainly Nicaragua was a big factor in our relationship with Costa Rica, but we would have had good relations with Costa Rica if there had been no Nicaragua. The Costa Ricans wanted to have a democratic friendly government to their north, of course, more than anybody else, and they didn't like Somoza. Thus our objectives were the same although neither one of us developed a sound plan to get where we wanted to go. Costa Rica finally threw in with CAP, Torrijos, and the Cubans after the Nicaraguan Guard began bombing their border areas, where there were Sandinistas. We had more contact with the Costa Ricans because of the Nicaraguan problem, but Nicaragua could be said to have dominated the relationship only in that it was the major foreign policy issue shared with Costa Rica.

Q: What were the main problems in trying to establish good relations with the Sandinistas?

Nicaragua owed lots of money to American banks and banks elsewhere, as well as to commercial creditors. The Sandinistas refused to pay anything. With great difficult I did finally engage them and get them at least to negotiate, to talk about making some arrangement with the banks. A number of other countries were not doing much more than talking at that point, so talk-talk bought some time. Incidentally, what other countries were doing was my key argument, i.e. others are talking while not paying why can't you do that, or don't you know how to talk.

On the military side, our military was reluctant to have much to do with the Sandinista military which was considered basically a guerrilla force. I insisted that the military wing of the OAS, the Inter-American Defense Board, receive a Sandinista officer, replacing the Somoza Nicaraguans who were there. This was a small point but quite a struggle because the military throughout Latin America wanted to have nothing to do with Sandinistas.

Having made great efforts to get the Sandinistas a seat on the Inter-American Defense Board, they then spit in my eye. They sent a young indigenous Nicaraguan, who could barely speak Spanish, who had no real military training or experience, who had great disdain for anything other than some tribal warfare, and who had no hope of understanding Washington and effectively representing Nicaragua. He was totally ostracized because he just came from another planet as far as anybody on the Inter-American Defense Board was concerned.

The Sandinistas said they needed military assistance, and their first priority was helicopters. Our military assistance levels in Latin America were not sufficient to help any country with new helicopters. Moreover, the Sandinistas had no trained helicopter pilots or maintenance personnel. I was prepared to just say no on helicopters, but Bowdler urged me to find a somewhat constructive response. My people located two or three old helicopters that we could sell or give to the Nicaraguans for little or nothing. They were not happy with this proposal as they wanted something first-class to fly their leaders around for better security. I had a paper prepared to show them that we were not providing helicopters to other Latin countries even those that could pay for them. I think they did finally take the old choppers which quickly became inoperable. Of course the Russians soon provided them with lots of first-class helicopters including pilots and maintenance personnel.

Q: This is Monday, August 20, 1998. John, I think we pretty well traced the Somoza saga last time, but while the tape recorder wasn't playing you made some comment about Tony Lake's book Somoza Falling. Would you care to put on the record how you assess that book?

BUSHNELL: It's a good book in terms of revealing the complexity of decision making within the State Department and outlining the various pressures including time pressures on senior State officials. It reflects, despite his considerable reliance, I think, on Bob

Pastor's work, the fact that Tony was not involved except on an occasional basis in Nicaraguan policymaking, and he says that.

Q: He said one reason he chose Nicaragua for a topic was so he could be objective about it.

BUSHNELL: It's certainly meritorious to be objective. At the same time it means that he, by whatever process, focused on only a few points of the evolving situation, by definition omitting many things that went on in between. His is considerably less than a complete picture. While the book does an excellent job of reflecting some of the struggles within the State Department from the point of view of a senior worldwide official, it is much less than a complete picture of the Nicaragua situation. For example, Lake does not try to deal with problems in the Embassy in Managua which resulted in many false signals to Somoza and perhaps even to Washington. The Pastor book presents a more complete and detailed picture, but, of course, the State Department is only one of its many players, and it doesn't do as much with State internal procedures.

Q: Somoza himself wrote a book. Have you read his book? Do you have any sense of it?

BUSHNELL: I have read some of it, only some pages. I don't think there's anything surprising. Somoza told US representatives beginning well before the Carter Administration that the alternatives in Nicaragua were a Somoza or the far left, meaning the Cubans and the Russians. He devotes his book to explaining why, a case with which I wouldn't agree. Was this just a tactical ploy? He and his family had long used their firm anticommunist and pro-U.S. stands to cover all their sins at home. Whether or not he believed the Somoza or Castro line, he acted in a way which made it true, much to his own, and our, disadvantage.

Q: Was his book influential? Was it a factor in the Reaganauts view of Nicaragua?

BUSHNELL: I don't think so.

Q: You were particularly concerned with El Salvador during the latter part of the Carter Administration. First, could you outline the historical context of what was happening in El Salvador at that time?

BUSHNELL: Perhaps I can best start the El Salvador story by what is my first recollection of dealing with that country in January or February of 1978. As I was trying to get a better understanding of the various complex situations we were dealing with, I would have meetings with all the people involved, the country officer or officers, the country director, other people that were knowledgeable within the Department and sometimes from CIA and Defense as well. I would explore not only what had happened but what might influence events in a direction we wanted. such as improved individual human rights or a movement to free elections. I remember the frustration of my first meeting on El Salvador. There seemed to be no sign of early improvement of human rights nor any options for us to get such movement going. El Salvador's history is unique in this hemisphere. El Salvador is a small country, and there is no open frontier, unlike Nicaragua where, as I have said, people with ambition could move out to the frontier, establish their own farms, and earn a modest living. In El Salvador most of the good agricultural land was controlled by a small number of families who were largely intermarried, called the 14 Families but actually several hundred adults. These families also owned most large businesses. This oligarchy tended to be extremely far right, and it controlled the army, partly because its own sons and sons-in-law were senior officers, but also in a number of other ways. Perhaps the current history of El Salvador started with a Communist revolt in 1932, which was really a peasant revolt. It seems to be accepted that there was substantial Communist influence, but intellectual influence not a role of Russia.

Q: There was a depression...

BUSHNELL: Yes, although I don't think El Salvador was any more depressed in 1932 than it was in other years. Peasants, who essentially couldn't feed their families — at least that was the view — rose up and tried to take over agricultural land particularly in

western El Salvador. They were put down very brutally with many killed. Estimates were around 10,000. I don't think anybody knows. The result was to polarize the society so that a great many people were either on the far right, believing an authoritarian structure was necessary to keep the situation under control and to try to make economic progress, or on the extreme left, believing the whole society had to change in some revolutionary way, not necessarily communist. From 1932 to1979 the extremes dominated rural El Salvador and national politics. The right maintained control. In rural areas a local power structure developed. In many places what most resembled a gang of thugs developed, perhaps paid by the large landowners. These local enforcers were loosely organized on a national basis in something called ORDEN. These thugs brutalized any peasant who challenged them or the landowners. Sometimes the thugs were members of the local police, but in many cases they were more a volunteer auxiliary police or military, usually with some link to the military but not on any military organization chart. The main role of ORDEN at the national level appears to have been to keep the various local ORDEN groups from fighting each other - a territorial division. Certainly the national ORDEN organization made no attempt to discipline or direct the autonomous local units. El Salvador had fairly long periods of apparent stability. The general who put down the 1932 revolt ruled until 1944, protecting the selfish interests of the leading families. Then there was a succession of either generals or politicians from the far right in cahoots with the military and the oligarchy. There was something that passed for elections, certainly not honest, free elections.

Q: I'll bet all these people claimed they were anti-communist.

BUSHNELL: Yes, the national leaders were anti-communist, but that really meant they were against those that might try to take any power or wealth from the oligarchy. At the local level anyone that challenged the system and the local gangs was labeled a communist. Beginning in the1960s but then accelerating with Vatican II, the Catholic Church, which was also strong in some places, began to move definitively away from the oligarchy, although at the beginning you could generally include the Church people as part of the oligarchy structure. In some cases rural priests moved to the opposite extreme

and supported revolution. The most constructive sign on the horizon was that in the urban areas the Christian Democrats, with a lot of help from the Christian Democratic Party in Germany and elsewhere in Europe, began to organize the growing middle-class. Their leader was Napoleon Duarte. In the1960s Duarte won an election to be mayor of the capital city of San Salvador with a Christian Democratic local government. The city had never been controlled in as authoritarian and brutal a way as the countryside. Under Duarte local taxes were increased, but the oligarchy seemed prepared to pay the modestly higher taxes to fund public works and education. With economic progress an urban middle class was developing fairly rapidly. They elected Duarte, and he was allowed to run the city whatever his term was. This sort of established him as a politician with a party favoring change that was not perceived by anybody serious as being communist, although he was often called communist by some of the far right.

The Christian Democrats found it almost impossible to make any political inroads in the countryside where most of the people were, because as soon as anyone from the Christian Democrats went out to the countryside, the local gangs or ORDEN would threaten them and, if they began to organize, kill them. Thus the large rural vote continued to be delivered largely to the parties supported by the oligarchy. Nevertheless, Duarte appeared to win a plurality against a divided right in the1972 national election. However, five days later the candidate of the ruling party was proclaimed president. After an attempted coup within the Army, Duarte was arrested, tortured, and exiled. In the 1977 elections a former general was elected president. There were lots of arguments whether the 1977 election was fair, not necessarily that the votes weren't counted fairly, but election tactics used were not fair, especially in rural areas where those that did not vote for the establishment candidates could expect reprisals from the local gangs. The Christian Democrats won seats, as much as 25 or 30 percent, in the national parliament, but not enough to change anything Violence was accelerating. The number of bodies found weekly in San Salvador would go up or down, but every week there were some. In rural areas there was probably much more violence, but it was generally not reported in

the press, and we had no way to get comprehensive information. The Church was fairly outspoken in opposition to the government and to the violence.

The economy was doing quite well. In addition to the usual agricultural exports, beginning in the late 1960s, El Salvador had begun taking advantage of the provisions of our tariff code, sections 806.3 and 807, that allow firms to send parts or raw materials from the U.S. for processing in another country and then to bring back the finished product with the content from the U.S. entering duty-free. A lot of these assembly operations, especially for textiles, were being set up in El Salvador employing thousands at what we would consider very poor wages but what were livable wages in El Salvador, or at least more than what the oligarchy paid rural laborers. The urban economy was developing fairly well with infrastructure being financed by the IDB and World Bank. The rural situation was prosperous for the few landowners. The rest of the people barely squeaked by.

Q: Didn't the coffee workers start agitating for higher wages?

BUSHNELL: There was little organization among coffee workers or any other rural workers. The presence of the ORDEN gangs was usually enough to avoid any concerted action, and even in good times there was a surplus of rural labor. The hopelessness of the rural situation is what drove many peasants to the city and then to the long trek across Mexico to the United States. Over the years we had financed the AFL-CIO to help develop unions. They trained a lot of people and had some success in the urban areas, but they could hardly penetrate the rural areas. Quite a few of the people they trained were killed, and even one American AFL-CIO organizer was killed during my time in ARA. It was clear the central government didn't exert much influence in most rural areas and did not try to make its presence felt. The rural areas were ruled by these local ORDEN gangs, or whatever you want to call them. Maybe gang is not a good word, but local groups dominated in one way or the other by the large landowners or the large businessperson. The national government, police or military, did not interfere. They didn't endorse the gangs and their killing either.

Q: Were the armed forces supporting the plantation owners?

BUSHNELL: The armed forces didn't have to support the large landowners actively; they just did not do anything to interfere with what the ORDEN gangs did unless the gangs got out of control and the landowners asked for help. The armed forces could have controlled at least some of the gangs, but the argument was that it was a domestic matter and the armed forces are for defense against foreign threats. Generally in rural areas the gangs were local people; some gang members may have spent some time in the army or the police. These gang or militia members were virtually the only people who had guns, not necessarily fancy guns. Only as some guerrilla groups began to develop with training and supply from Cuba was there effective opposition to what I have called gangs. Then, of course, the military moved into the rural areas to oppose the guerrillas in alliance with the local gangs. In short El Salvador was a very violent country, a festering situation but one in which there were no good options for the United State. In this first meeting, we went on for hours on what could we do to encourage some change, but we did not identify much of anything.

Q: There was an AID mission presumably.

BUSHNELL: There was a small AID mission. But the human right situation was so bad that we were limiting aid even before the Carter Administration, distancing ourselves and finding it hard to find significant groups that we wanted to work with. We supported the AFL-CIO work with the unions; we supported a few other groups like that, generally urban organizations. I think we had some loan programs to help small and medium size firms, but it wasn't an extensive program. It certainly was not going to bring about major change for decades. In the area which was the backbone, the bulk of the country, the rural areas, there was virtually no one and no institutions to work with. Anybody we worked with ended up dead. So El Salvador was very frustrating, and it didn't seem to me we were going

to change anything by distancing, since distancing didn't mean much. We had very little military assistance, few military people there, not much of an AID program.

Q: What did the CIA do?

BUSHNELL: CIA was closing its station, which wasn't much to close. Agency personnel had been involved in a series of scandals in El Salvador. With no US national interests and no communists in sight even in other embassies the best people were not sent to El Salvador. Those that were there tended to associate with the elite and the military — the far right. They got caught up in homosexual and other scandals. The Salvador station must have had one of the worst records in the CIA; my CIA colleagues in Washington asked me not to talk about the station or its output while it was closing.

Q: Just who or what were the so-called death squads?

BUSHNELL: Although there was a lot of talk about death squads, I 'm not sure there were actually organized squads devoted to killing selected people. Bodies appeared regularly in certain areas of San Salvador and in rural areas. I think various groups were responsible for these killings. The police were brutal and might well kill a common criminal in the course of interrogation; they would then just dump the body. Many of the elite had private guards who might kill some employee or competitor causing a problem. Teenage groups killed each other. It was almost a sport. In the rural areas most of the killing was done by the ORDEN gangs, the rural militia, which defended the interests of the large landowners and of themselves. Some killings followed a refusal to pay protection money.

Q: And all this was totally unhampered by trials, due process?

BUSHNELL: Murders were generally not even investigated, let alone solved. It was commonly believed the local police were part of the so-called death squads, so of course there was no enforcement from them. Moreover, they had very limited investigation resources or experience. The killing seemed to increase in 1978 and 1979 and spread

more into the city, but part of what we saw as an increase may merely have been that the Embassy particularly, and to some extent the press, began reporting such killings in a more organized way. Extortion appears to have increased at this time; some believe Salvadoran gang members from Los Angles who were deported to San Salvador introduced the practice of demanding payments from the middle-class and rich, killing those who refused to pay. Businessmen apparently also resorted to killing more frequently, especially as efforts to organize unions in the city began to be successful. Reportedly it was easy to hire killers. The couple of Americans that were there for the AFL-CIO, for example, were killed in a paid-for execution. These American labor officers were giving a seminar in a luxury hotel, and, when they walked out of the hotel, they were shot down by assassins obviously waiting for them. This was a very violent society.

One of the best insights I had into this miserable situation came by accident. I invited the Army attach# who had just returned from a couple of years in El Salvador for lunch to debrief him more informally than the normal group sessions and to see if I could learn a bit more and get a better feel of this strange place. He related some of his experiences which did not get fully reflected in his reports. The following is the story that made the biggest impression on me and suggested just how hopeless the situation was. The colonel said that his job took great discipline because he was expected to get fairly close to the officers in the Salvadoran military; as an attach# that was his job, but not so close that he was involved in things where he shouldn't be involved. He described one Saturday night when he was out with a group of Salvadoran colonels; they were drinking. They got very drunk, and all of a sudden one of them said, “By golly, I feel like we ought to go kill somebody.” Our attach# was amazed, but the others said, “Yeah, let's kill somebody,” and they said, “Come on, get in the car. We're going to kill somebody.” He said, “Who are you going to kill?” “We don't know. We'll find somebody.”

Q: Were they all pumped up with drugs or something?

BUSHNELL: They'd been drinking heavily. He made an excuse and went home; he said a couple of bodies were found the next day consistent with these colonels having carried out their talk. This may not be the pattern one thinks of as a death squad, but it indicates the depth of the problem.

Q: Amnesty International once claimed that some 13,000 individuals were killed at the hands of the death squads, their term, between '79 and '81 and at least 6,000 more fled the country while hundreds of women were routinely raped. These are staggering statistics for such a small country. Do you think they're valid?

BUSHNELL: I don't know what they define as death squads. Probably that number of people killed is about right. By 1980 there began to be some effective organization on the left and some guerrillas groups which also killed both in combat and to facilitate recruitment and supply. So it was hard to tell who killed whom among the local people and militias of the right, the local people of the left, the army, the police, the common criminals, and the businessmen. El Salvador is still today an extremely violent country. The murder rate in San Salvador makes Washington look safe, and it has a democratic government now. I think the problem is in the culture. It's not just population pressure, but that's certainly a factor. The country is small; there's not an open frontier; there's not much economic potential, much chance for advancement. Historically most people who have had big money in El Salvador inherited or stole it; they did not earn it.

A lot of people reportedly fled to the U.S. because of the violence. Of course hundreds of thousands of Salvadorans came to the States; most of them came for better economic opportunities, not because they were driven out by the violence. In many Salvadoran communities in the States the murder rate is also high, reflecting in my view the culture. The immigrants quickly learned to say they fled the violence because that was the story that justified refugee status and a legal right to work. The rural violence was undoubtedly a

major factor driving people into the cities. If they could not find jobs, the next step was the trip to Yankee land.

The more I learned about El Salvador the more hopeless the situation seemed, but there was nothing we could do to change the culture of violence and repression. There was no maximum leader like Somoza whose departure might make a difference. In the early part of 1978 Sally Shelton and Mark Schneider went to El Salvador with the idea that they would try to talk the Romero government into making some reforms. They had no effect. There was some sort of confrontation that made President Romero, if anything, even less willing to listen to us and less willing for us to have these programs of building some democratic institutions there. He saw then that the Carter Administration was really on what he called the subversives' side, so he tended to break the dialogue, which never amounted to much anyway. This situation continued through 1978 and the first part of 1979. No one in the United States cared much about El Salvador, except perhaps parts of the Catholic church which had many missionaries there. Remember our primary attention during this period was focused on Nicaragua. Nobody cared if we cut back on aid except a few people in AID who had some vested interest in a project there.

Q: Were there any interactions between El Salvador and Nicaragua, or totally separate situations?

BUSHNELL: We didn't see any particular interaction before the departure of Somoza except that the Salvadoran military provided some supplies to Somoza when he desperately needed them. Only later did we learn that full units of Salvadoran guerrillas had gained considerable battle experience fighting and training with the Sandinistas.

Finally the first crack in the Salvadoran iceberg, and a big one, came in October of 1979, three months after Somoza fell. A group of officers led by lieutenant colonels staged a coup. They claimed they saw what had happened in Nicaragua with the complete destruction of the Guard and the execution or jailing on most officers that were caught.

They said El Salvador was on a route which was inevitably leading the same way. Thus they said they had to open up the political and economic situation. Although I don't recall them ever saying it to mthey may havwhat they also saw was an enemy emerging nearby in communist Nicaragua that was going to be a base, a supply and training base, for insurgents in El Salvador. In short the recent example of Nicaragua and the nearby support base in Nicaragua made the next revolt in El Salvador look life-threatening to many Salvadorian military. Any earlier beliefs that the U.S. would assure a communist takeover did not happen were erased by the Sandinista takeover. The coup was followed by a major shakeup in the military with the exile, retirement, or reassignment of some 10% of the officer corp.

Q: Also, there is more attention being paid to all this by the American press.

BUSHNELL: There was not much press attention to El Salvador in 1979. El Salvador was pretty much unknown to the American press until the assassination of Archbishop Romero in March of 1980. But we in ARA were delighted with this coup. I don't recall that we had any advance word, but it certainly seemed that this group of younger officers wanted to move the country in the direction that we thought would lead to human rights progress and democracy. The Army manifesto of October 15 denounced abuses of power by government officials and proclaimed a commitment to fundamental social reform and a transition to a democratic political system. Moderate civilians were invited to join the military officers in the government.

We picked up contact with the new leaders. At one point Bowdler flew to Texas, which was a convenient half-way meeting place, to talk with some of the military officers. We encouraged them to open up to the democratic political forces. The far left staged violent disturbances and called for the immediate dissolution of the security forces. The right was planning a countercoup. Lacking experience, this group of officers who had broken the iceberg saw their junta gradually disintegrating, unable to control the violence or implement reforms. In January 1980 The Christian Democratic Party, led by Duarte,

announced that it would form a new government to implement reforms. An overwhelming majority of the military officers, aware of the danger of civil war a la Nicaragua, accepted the Christian Democratic program including land reform.

The Christian Democrats wanted to change the basic structure of Salvadoran society. They focused on two major things that needed change. First, they wanted to take land away from the 14 Families and distribute it to the workers that made the land productive. Secondly, they wanted to nationalize the banks, because they saw the banks as the other main means through which the oligarchy controlled the economy. They also wanted to nationalize the export of coffee and sugar. Government control of coffee exports, the main crop and export, seemed to me a bad idea because it would become an invitation for corruption and inefficient bureaucracy. The coffee market internationally was a free market and that competitive situation was a major restraint on Salvadoran private exporters. Land and banking reform were necessary to change the power structure and give democracy a chance to survive. The key issue was the speed of change. The political situation argued for very rapid change before the oligarchy could counterattack. But the practical economic situation argued for going slow. Who would manage the new cooperatives taking over the large farms? How would the cooperatives get credit, lease needed machinery, assure the cooperative members put in a fair amount of work? Most of the professional farm managers were part of or associated with the oligarchy. Similar practical considerations applied to the banks. Would the rich be allowed to withdraw their funds? How would politically inspired loans which would not be repaid be avoided? Given the unexpected opening for major change and perhaps a little traumatized because we had not made the opening in Nicaragua work, we tried to help as much as possible while encouraging a staged approach to limit economic disruption.

I would emphasize that these revolutionary changes in El Salvadothe coup, the Duarte government, the land and banking reformcame about solely through the efforts of Salvadorans. They may have guessed they would get support and assistance from the United States, but unlike Nicaragua where we played a major role in unifying

the democratic forces and in the negotiation with Somoza, the Salvadorans did this themselves. We were interested and supportive spectators. Thus we had no basis for criticizing the land or banking reform except to help make it actually work.

The March 1980 land reform decree converted all large estates, more than 1,235 acres, into peasant cooperatives. Later stages were to distribute medium-size properties and provide that landless farmers could claim title to land they were themselves cultivating. By the end of April 1980 over 250 large estates had become producer cooperatives. The fundamental and large peaceful change in El Salvador was emphasized by the army's protection of government technicians and the peasant beneficiaries on these large properties. The AFL-CIO helped us quickly organize assistance from American unions and cooperatives. But at first Duarte's government was moving very fast without much skill in what it was doing. There was limited ability to manage big farms, and in most cases the coops didn't keep the hired professional managers that the oligarchy had on the farms. However, the reform was modified in practical ways which made it go smoother. For example, the previous owners were allowed to retain their homesteads, i.e. houses in which they sometimes lived, and quite a few acres around them. Subsequent stages of the reform went slowly and soon became bogged down. I liked the land-to-the-tiller program to move leased and sharecropped land to the workers who by definition knew how to produce, but this program required more resources in terms of land surveying, legal work, and other organization than were available. Also much sharecropped land was in more remote areas where ORDEN and/or the guerrillas were disruptive of any such reforms and where violence was increasing. The banking reform was also chaotically managed. But the government took only partial ownership of the banks, and most professionals in the banks were retained and gradually got the banks back on a sound basis.

For El Salvador, where for over 50 years nothing had been changing, these were revolutionary, tremendous changes. This was more constructive change than we were seeing anywhere else in Latin America in terms of addressing what seemed to be the real underlying problems. Unfortunately, despite the efforts of the Duarte government

and much of the military, violence increased sharply caused by both the right and the left. Of course the oligarchy was unhappy with its loss of land and wealth, but members of those groups such as ORDEN and some of the right-wing political parties were even more unhappy at their loss of power to what they labeled a communist government. They tended to strike out almost at random. In March just after the first land reform decree Archbishop Romero was shot dead while saying mass; he had supported Duarte and reforms. Other priests and missionaries were killed as well as more than 60 Christian Democratic mayors and local officials. Although most of this killing seemed to come from the right and ORDEN, the guerrillas and the left greatly stepped up urban demonstrations which often became violent. In rural areas the left killed not only their ORDEN opponents but also Christian Democrat officials because they saw that success of the Duarte reforms would deny the communists and far left an opportunity to take-over the country.

The devastating economic effect violence can have was brought home to me by an experience even before the October 1979 Salvador coup. In late 1978 and early 1979 the far left targeted some of the unions that, with AFL-CIO help, had gotten a foothold in the Salvadoran assembly plants which produced for export to the U.S. under Sections 806 and 807. These leftish union organizers, who seemed more intent on destroying the 806/807 industries than in helping the workers who had newly found productive jobs with regular paychecks, adopted a very destructive tactic. They would seize the plant and kidnap the plant manager, who was often an American, and hold him until he agreed to gigantic increases in wages and benefits. There was often some violence. I don't recall that any American was ever killed in this process, but it was a pretty violent and dangerous situation, particularly since in most of these plants there were relatively few union workers. The union might have 40 workers in a plant of 400, and the 40 workers, or their leaders and some outside helpers, would promote this extortion. In a couple of cases the other workers threw the leftish leaders out violently. In addition to the actual take-overs and kidnappings such action was threatened in many other plants. This violence changed the economic situation. These assembly plants were the fastest growing source of new

employment in El Salvador, and this violence not only stopped new investment dead but also resulted in many plants removing their American managers and often even picking up and moving the entire plant to another country, leaving hundreds of poor Salvadoran women without jobs.

In the U.S. there is an organization called the Committee for 806.30 and 807, which is a trade group that lobbies to protect and expand these trade provisions. Members are the firms that invest in these assembly plants around the world and some of the retailers that buy from them. This Committee asked me to be the keynote speaker at their fall 1979 meeting in New York in mid-September. At dinner I was seated at the head table with the senior representatives, generally the presidents or chief executive officers, of the 12 to 15 most important and largest members. In the course of the conversation I asked them, if they added up all the employees their companies had worldwide, what it would total. They did a rough adding up, and it came to over half a million people worldwide that they employed. Then I asked them, if they were opening a new operation, where would they go on the basis of what they knew at the timand it was their business to find out where you could go to do things cheapest and most effectively because that was the key to making money in their business. There was almost a complete consensus that, aside from this violent element, El Salvador was the best place. Salvadorans were hard workers. You could get skilled people, the skills that they needed such as machine operators and repair people. Transportation to and from the States was good. Everything was better in El Salvador than in the Philippines or the Dominican Republic or other places that competed for this investment. But there already had been a few cases of factories being taken over, and this violence punctured the Salvadoran boom. No one wanted to go into that sort of a situation. In fact, it became obvious to me that the reason that they had asked me to speak was that they wanted to get a State Department assessment of whether the Salvador situation was going to get better or worse.

Q: So what did you say?

BUSHNELL: As I recall, I had to say that we did not identify much movement in the Salvadoran situation. However, to give a little light at the end of the tunnel I talked a little about what had happened in Nicaragua and said that the military and others in El Salvador were watching their neighbor closely and they might well conclude that El Salvador needed to make some changes before it was too late. At that point I had no intelligence or anything except common sense to make this point. After the October coup a month later, one of the 806/807 executives called to thank me for saying as much as I could about upcoming developments.

By the middle of 1980 reforms were well underway in El Salvador, but violence continued to increase. Guerrilla activity was growing rapidly, and the Army did not appear to know how to cope with it. Production of coffee and other products from the new cooperatives was substantially less than the farms produced in previous years. The whole economy was slipping, and urban demonstrations continued. It was a shaky but still encouraging situation, at least in comparison with the previous years.

It was this Salvadoran situation that began my long-lasting struggles with Senator Helms. Senator Helms was one of the few people in Congress who paid any attention to what was going on in El Salvador in 1980, and he was ferociously against the land reform, particularly, and the banking reform too. Not long after the land reform was begun, probably in connection with the assistance budget, I testified before him and tried to explain the need for the land reform.

Q: Was this the first time you interacted with him?

BUSHNELL: No. I testified before Helms when I was at Treasury and for ARA in 1978 and/or1979, but the issues had never been terribly contentious. In some respects I set myself up by taking the position that the land reform and the banking reform were needed to change the explosive trajectory of Salvadoran history and avoid a social explosion that would give the communists just the opening they were seeking. Of course, I also

defended the AID programs that we were setting up to make the precipitous reforms work better; the prominent role of the AFL/CIO in these programs was a red flag for Helms. He launched several attacks on me and the program. He argued that it was grossly unfair to take away the land that families had worked hard for generations to develop and that the new cooperatives were destroying the coffee trees and undermining the economy. He said idiots like me in the State Department had no idea of what it took to produce things, and we also could not even identify communists before our nose as proven in Nicaragua. He went on at great length. Finally he said the people of North Carolina could never understand taking land away from the people that owned it; that was just against what America stood for. I was not being as cautious as I might have been, although I don't regret it, but I responded that, if almost all the good land in North Carolina were owned by 14 families, things might look very different to the people of North Carolina. This really set him off. How could I say all the land in North Carolina was owned by 14 families? How dare I suggest that land be taken away from any hard working and under-paid farmer in North Carolina? Of course, that isn't what I said at all. Over the next couple years he would mention that I was the first to favor land reform in El Salvador. I took it as a merit given the way El Salvador has progressed, but that is not the way he meant it.

In December 1979 after the icebreaker coup but before Duarte and land reform, there was a negative development which we knew about, although we did not know how to assess it. The far left in El Salvador consisted of both urban and rural guerrillas and a more traditional urban Communist Party, which often had to operate secretly, and several small Maoist parties. All these groups were against the government, the oligarchy, and the United States, but on many issues they had been quite divided. At times there were even gun fights among the groups. Some people thought the oligarchy employed good tactics to keep the left divided. I don't think the Right had anything to do with it. There was a natural division between the guerrilla street and field fighters and the more intellectual and doctrinaire political Marxists. There were leaders such as Communist Party Secretary General Shafik Handal who were basically communist intellectual professorial types. They

were quite different from the rural guerrillas who were like some of the military and just wanted to go out and kill somebody. There seemed to be little cooperation or coordination among these groups. Then in December of 1979 the Cubans, Castro and his Department of the Americas, got the leaders of these far left groups together for a long session in Cuba. Following his pattern with the Nicaraguan Sandinistas, Castro urged and pressed these groups to agree to cooperate and form a common front. It wasn't clear at the time what leverage Castro had. Certainly he could offer training and some supplies. Little did we know at the time how much he was offering. Up to this time I saw the Salvadoran left as being indigenous to El Salvador and not really dependent on Castro or the Soviets. But I had to be concerned that Castro's success in Nicaragua would encourage him to follow the same pattern in El Salvador and that the Russians, with their build-up of military materiel in Nicaragua, would bank-roll Castro and help supply the Salvadoran guerrillas.

With the advantage of hindsight we see that Castro followed basically the same tactics in Nicaragua and El Salvador, uniting and supplying the far left. The U.S. coincidentally followed completely different tactics. In Nicaragua we played a major mediating role to bring the democratic groups together, and we used distancing to urge Somoza out. In El Salvador we did little to organize a democratic alternative, but one arose. Then until January 1981 we did relatively little to support it. Yet the indigenous reformers in El Salvador beat the Castro-supported far left, while the democratic groups in Nicaragua tried unsuccessfully to change the nature of the Sandinistas. At the end of 1979 and through most of 1980 the intelligence was not very plentiful on the Salvadoran left and on their relations with Cuba and Nicaragua. I recall actually having the embassy inquire with the Salvadoran military to try to find out more about these various leftish groups. The military in El Salvador didn't seem to know much about them either, although they were their everyday enemy.

The security situation deteriorated and violence increased through 1980. The guerrillas began attacking individual military officers. In one case the guerrillas burned an officer's house with him and his family inside. The attacks on uniformed personnel provoked

harsh counter-measures by the uniformed services with numerous serious human rights violations. The Treasury Police and the National Guard were the most frequent abusers. Because they operated throughout the country in small units, they were also most subject to guerrilla attack. It was becoming a desperate situation. In discussions various people from Washington and the embassy had with Christian Democrats we learned many Christian Democrats were afraid to go into the government because they would likely be killed. In fact, a substantial number were killed. The seizure of factories continued; the extortion of funds by right and left increased. The economy, affected by the land and banking reforms as well as the increasing violence, went into a free fall despite the fact that we cranked up AID spending. We were building streets, sewers, and such things all over in order to provide employment as well as building needed infrastructure. HA began arguing for human rights sanctions. We did press the military to take a number of constructive human rights steps such as adopting a good military code of conduct and strengthening military justice. The civilian government did not seem to be responsible for human rights violations; members of the government were among the main victims. The military, or more correctly people in the military acting on their own, committed a small part of the violations. The press in the U.S. was giving much more coverage to the human rights abuses under the moderate reformist government than it ever had to the abuses of previous right-wing governments. Some abuses committed by the guerrillas were made to look like government abuses, for example the guerrillas frequently wore military uniforms particularly for urban operations.

Q: You say the assassination of Romero captured press attention?

BUSHNELL: Yes, Romero's cold-bloodied killing was a big issue for the American Catholic Church, and it gave a peg for the press to start running Salvador stories. I don't think there were ever any American reporters stationed in El Salvador, but reporters would go there, and they'd even visit rural areas and write stories about local killings. A school teacher was trying to teach, and somebody thought she was teaching the wrong thing, so they killed her. That type of human interest stories and anecdotal stories on land reform began to

appear. About the middle of 1980 there was a great acceleration in press interest, which I didn't understand at the time. I came to understand it later, but that's another story.

By the middle of 1980 we began to get reports both from Salvadoran intelligence and from our own intelligence that the Nicaraguans were helping the guerrillas in El Salvador. Arms were being smuggled across Honduras from Nicaragua to El Salvador (the countries do not have a land border). Guerrillas were going to Nicaragua for rest and recovery from wounds and, more important, for training. The intelligence reports did not indicate what volume of activity was going on, but by the fall of 1980 we had enough that we sent Jim Cheek, who had replaced Brandon Grove as Central American deputy, to Nicaragua to warn the Sandinistas. Remember, the Nicaragua aid legislation had recently passed and we had this $80,000,000 to help Nicaragua, but we also had the provision that had been inserted by the Congress that aid had to be stopped if the Sandinistas supported terrorists. Clearly these insurgents in El Salvador who captured American factory managers and the guerrillas who killed land reform workers were terrorists.

Jim Cheek met with both the five-person junta that was formally running the country and most of the members of the Sandinista leadership. He made our point very forcefully but in a friendly manner. The Sandinistas knew Jim and knew he had been strongly anti-Somoza for a decade. They claimed that they, as a government, weren't doing anything to support violence in El Salvador but they didn't have absolute control of their territory. Something could happen without their knowing about it. Salvadorans could come to Nicaragua. They did all the time. The Salvadoran came, and, if he was injured and wanted medical treatment, what were they going to do? Things could move through Nicaragua, and they often couldn't stop them. Jim made the point that they should intensify their efforts to stop military supplies; otherwise our aid might have to be stopped. Subsequent evidence indicated that for a while they did stop moving military supplies, which were in fact being moved in much greater volume than we had thought through Nicaragua.

Q: Did the various elements of the US government agree on what was happening here? There was the Pentagon, CIA, State, various elements within State.

BUSHNELL: I don't recall that there was any real disagreement on a major effort to support the Duarte reform government. AID was super, getting a fast disbursing supporting assistance program going and increasing AID staff in El Salvador. The military was slow to increase programs with the newly purged Salvadoran military in part because the assistance and training budgets for Latin America had been cut so much. Many of the moderate Salvadoran military had been through US training over the years. These officers were closer to the US military than the officers they threw out, so our military was happy with these more moderate military. In fact, some people were saying the change in El Salvador showed the success of training at the US Army's School of the Americas. Everyone agreed the country had at least begun to move in the right direction. HA continued to oppose assistance to the military because military officers were still involved in some human rights abuses, although not as many as HA claimed. The CIA continued to be out to lunch. I forget when they decided to reopen a station, but CIA was not providing useful human intelligence from El Salvador. I would be hard pressed to think of any other situation where US interests were so substantially at stake where intelligence support was as weak as in El Salvador. At inter-agency meetings CIA representatives generally did not provide an assessment, and, when they did, nobody gave it any weight. Everyone remembered that practically until July 1979 CIA had said that Somoza and the National Guard could hold off the Sandinistas and that CIA missed that massive Cuban supply effort.

Q: You say we did have a small military assistance program?

BUSHNELL: Yes, I think we quickly began training and approving some export licenses. However, I don't believe we approved any lethal shipments in 1980, but I don't recall we actually turned any down. Because of our earlier refusal to provide lethal supplies either under the military sales program or even to approve export licenses, all the

Central American countries had found alternative suppliers for the sorts of light arms and ammunition they used.

Q: You felt what we were doing was effective?

BUSHNELL: Oh, I don't think the small programs we were gearing up had much effect on the economic situation or on military readiness. The big effect was symbolic. These programs showed that we were no longer distancing, quite the contrary that we approved of the revolutionary changes in social and economic structure that were underway. Under President Romero we were phasing everything down and out. After the October coup and particularly when the Christian Democrats came into the government, we in effect changed direction and began expanding our programs. They were still small, but AID technicians were arriving in country instead of leaving, and in a small place that was noticed. Even statements like my exchange with Senator Helms got a lot of attention in El Salvador. Many did not believe the U.S. would break with the oligarchy, including many members of the oligarchy, who began giving more attention to their public relations efforts in the United States. I don't recall that there was any strong opposition to our policy aside from Helms and a few of his associates. The banking reform impacted one or two US banks, but I encouraged them to cooperate, and their situations worked out with smaller losses than they had expected. HA strongly supported our help with land reform and increasing the AFL-CIO presence. Within the government there was very little disagreement on what we were doing except on tactical issues such as which institutions in the U.S. should be given AID contracts.

Q: But do I gather that you were the principal person involved for ARA through this series of Assistant Secretaries, Todman, Vaky, Bowdler. They all left this one up to you mainly?

BUSHNELL: No, I wouldn't say that. El Salvador was initially like Argentina or Chile where the main policy issues tended to be human rights related in 1978 and 1979, so it was my involvement with the Christopher Committee that led me to have substantial involvement.

Certainly the Deputies for Central America, first Sally Shelton, then Brandon Grove, and finally Jim Cheek, were in charge of the day-to-day action. After the October 1979 coup as major changes began to occur Bowdler was very much involved with the military junta and then Duarte coming into the government. El Salvador is where Bowdler had his first ambassadorship in 1968 so he knew that country better than Nicaragua, and much better than I did. Bowdler was the main policymaker. I had fairly continuous involvement because our main responses were to try to help with their land reform, their banking reform, and the unemployment problem generating a great urban unrest. These things fell under my economic responsibilities, to work with AID and others to bring these things about. I was also trying to get military assistance restarted.

Q: Were senior people in the Department, Habib and Newsom, or anybody on the 7th floor involved?

BUSHNELL: I don't recall any contentious issue that went up to them after Duarte joined the government and before the nuns were killed, although I did seek 7th floor help to get supporting assistance and military training money from other parts of the world. After the reform coup we did frequent night notes on El Salvador which went to the Secretary and Christopher and to the President. The same was true on Nicaragua once the decision was made that we were going to try to cooperate with the Sandinista government. If they backed off from us, that would be their decision, not ours. Once we were working on that basis, it was not necessary for senior people to be very much involved. I think that Helms did write at least once, probably to the Secretary, complaining about the Salvador land reform and our assistance. We would have drafted a reply on the desk, and I probably cleared it to go through H [Congressional Affairs Bureau].

Q: What do you recall of the murder of the four nuns?

BUSHNELL: That's the next main event in the El Salvador story The military/Christian Democrat government was implementing a major land reform which was very contentious

and trying to make numerous other reforms. The country was becoming more violent with more people being killeprobably normal for such a revolutionary situation. In December of 1980 after the election of Reagan, three American nuns and one American lay missionary associated with the nuns, were kidnapped as they left the main Salvadoran airport, taken to a deserted area, and raped — at least some of them were raped. Then all four were murdered.

Q: Was it clear who was responsible?

BUSHNELL: At first it wasn't clear. We had had problems with staffing the embassy in El Salvador throughout this period. By that time Bob White had arrived in El Salvador as ambassador, but the embassy was still small and not well staffed. Everyone was suspicious that some group of the National Guard, ORDEN, the Treasury police, or the military was responsible. But I knew that various guerilla or urban left groups sometimes dressed in military uniforms and committed crimes to try to turn both Salvadoran public opinion, and more important, the outside world against the government. There was, of course, a tremendous uproar in the United States over the murders and demands for action by our government, although no one seemed to specify what action we could take except to help see those responsible were brought to justice. Bowdler led a Presidential mission to El Salvador to investigate. Bill Rogers, a Republican former assistant secretary of ARA, Luigi Einaudi, the director of ARA's policy planning office, and I think somebody from Congress — I don't remember who, maybe a couple — were on this mission, which went within a day or two of the tragedy. Ambassador White immediately accused the military of being responsible and demanded the government, which of course was in part the military, investigate and bring the perpetrators to justice.

Q: Didn't he feel there was a CIA angle?

BUSHNELL: I don't recall that he thought the CIA was somehow involved in their being killed. What gets merged and confused here are two things: the event - the killing of the

nuns - and what one can call the cover-up which came afterwards. Of course, there were no witnesses except the guilty. The evidence was not very good. They were killed in part at least with bullets from standard Salvadoran military-issue rifles, but these were also the rifles which the insurgents had and lots of other people such as ORDEN had, so the bullets didn't really prove anything. There were tracks of all-terrain vehicles, which the military had, but so did lots of other people in El Salvador. There wasn't any smoking gun that said who did it, but it certainly seemed likely to be some group which was associated with the right and saw the Church and perhaps Americans as an enemy. By that time the Church was perceived as a main enemy of the right. However, interestingly the Church, although Duarte was a Christian Democrat and the Church worldwide often supported the Christian Democrats, tended to be a major critic of the reform government, partly because the government had not identified the killers of Archbishop Romero. The Church was itself divided. There were priests that were with the far right; there were priests that were with the military; there were priests that were with the far left. Bowdler's mission concluded that the evidence from the crime scene and some intelligence that we got fairly shortly afterwards pretty well defined that it was a military group which actually did the crime.

Q: This got quite a bit of attention in the U.S.

BUSHNELL: Of course, four American church people were brutally killed. The feeling that all those responsible ought to be punished was strong.

Q: So what was the US reaction?

BUSHNELL: There were suggestions that we stop what little military training we were providing, but most students had already departed for Christmas vacations at home. We may have canceled a few training places, but there was not much we could do to pressure the Salvadoran military except to demand that the government/military investigate and punish. It soon became clear that the military hierarchy either could not or would not move against those responsible even though they probably had a pretty good idea who

they were. No one seriously thought this killing was a coordinated operation ordered or approved by the senior, or any, chain of command. But the Salvadoran military had no tradition and apparently no procedures for investigating serious breaches of the rules of conduct. I kept remembering the colonels who two years before had gotten drunk and decided to kill someone. Of course they were not investigated either. In fact almost no murders were ever solved in El Salvador. Thus confrontational as the military seemed to be in US eyes, they were only acting in the same way they always acted when hundreds of Salvadorans had been killed. Moreover, there were great tensions and divisions in the military which was more a collection of units than a disciplined hierarchical structure. Remember the military was already in turmoil as a result of the 1979 coup; many hard-line senior officers had departed, but many equally hard-line captains and NCOs (non commissioned officers) were still in their units.

Thus the moderate military, however they interfaced with the hard-liners, just didn't have the means or the will to carry out a real investigation or to force this sort of issue, especially as the moderates were already seen as being too close to the United States. My view is that the higher-ups in the military were guilty of not being able to control their subordinates in some respects, but maybe there would been another coup if they pushed too far. Who knows just how that military equation worked? At the local level the officers knew who did it, and they were not going to do anything about it. Eventually the Salvadorians did try these — I don't remember what it was — I think five, soldiers. Just in the last few weeks, the last couple completed their jail terms. They got sentenced to 25 years or something, and with some time off for good behavior, they've just been released from jail. Supposedly one or more of them now, for the right compensation, is going to tell his story about what really happened, whether or not one believes it.

Q: Did you and Bob White have some different perspectives on this?

BUSHNELL: Bob was more inclined to put the blame on the military institution all the way up the hierarchy. Bob was always anti-military anyway. He condemned the entire military

for being involved and, in his view, for setting a climate which allowed people to do this. Maybe at times he even implied that he thought it was ordered from higher up, although I don't think there's any evidence that these soldiers were told to kill the nuns. They may have been told to harass them. Ambassador White was from the beginning very outspoken about the military, but aside from cutting some of the little military assistance, it was mainly a matter of the bully pulpit. My concern was that, since there was a delicate balance in this reformist government between the military that supported the government and the military that were sympathetic to the oligarchy, terrible as this thing was, it wouldn't really help to push on the moderates such that they pushed on the other military and got thrown out. Then you'd have the hard-line military in charge again and no investigation while the economic reforms would be reversed. I guessed that the hard-line forces had the greater power if it came to a showdown. My firm belief was that the officers who were in direct charge of the guys with the guns tended to have the final say, because the senior officers, who may have a fancier car and a chauffeur and a big office but don't have many guns, find it hard to tell the guys with the guns what to do and get away with it. The officers who were in the government no longer had any troops. They technically stood over the troops, as the government stood over them, but that didn't mean in a situation like El Salvador that they could have their way. So if there was a disagreement with Bob White, it was that he thought we should push the moderate military harder, although he never suggested that I know of that we should, for example, cut economic assistance, which was their lifeblood so to speak.

Q: Did he make any particular recommendations?

BUSHNELL: I don't recall. He was sort of blocked out of the policy makinI think this was intentionaby the fact that Bowdler took the fact-finding mission down. The Bowdler mission found the facts and made the recommendations. I don't recall that White came in with any cable saying “I disagree” or “It's not enough” or whatever.

Q: He retired just after that. Was that coincidence?

BUSHNELL: We haven't come to that time yet; there are more parts of the White story. We cut off military aid in December, which didn't mean much because we were not giving much military aid. What we didn't know, of course, although it was entirely unrelated to the killing of the nuns, was that the Salvadorean left had been gathered together by Castro and really whipped into a military organization. Their arms had been procured all over the world and shipped through Nicaragua. The communist-Castro guerrillas had been furiously training, including training hundreds, probably thousands, in Nicaragua, many of whom were, in fact, trained by the Nicaraguan and Cuban military. But we didn't know all this at the time. The defining event in this story, as in many other things including my next assignment, was that there was a US election in November 1980.

Q: Yes, unfortunately this was heating up as Jimmy Carter was a lame duck.

BUSHNELL: Carter was a lame duck; the embassy personnel were still being held in Tehran, and Reagan was elected. It is my belief, although I can't prove this, that the insurgents in El Salvador, probably with guidance from Havana, decided that, although they weren't fully ready, they were much wiser to make their all-out attack while Carter was still the President and a lame duck than to complete their preparations and attack after Reagan took office and would direct the US reaction.

Q: Because at that point an outgoing administration doesn't tend to be very powerful?

BUSHNELL: Yes. I think it may be a error to think that an outgoing Administration would be less willing to act than a new Administration. Because a lame-duck administration has it policymaking apparatus in place and is not taking new initiatives, it can react to a crisis quicker than a new administration. Moreover, most outgoing administrations do not want the record to reflect any additional failures on their watch. At any rate, I don't think that the guerrillas' preparations had reached the level they would have liked, but they decided to move 10 days before Reagan's inauguration and launched an all-out, countrywide attack. I suspect that Castro, who had watched many US presidents come and go, advised them

that Carter was somewhat against the Salvadoran military especially with the nun's killing and would be much less likely to react than Reagan who Castro was already painting as a right-winger trying to remake the world for his associates.

Q: This is December 1980?

BUSHNELL: January 1981. The guerrillas launched just after the Christmas New Year holidays, on January 10th. Broadcasting through a clandestine radio station in Nicaragua, the guerrillas announced the moment had come to initiate the decisive battles for the seizure of power in El Salvador. They attacked at some 40 to 50 locations, downed two helicopters, and overran at least one isolated National Guard post. The Salvadoran Army was forced to draw heavily on its ammunition reserves.

Q: Just a few days before inauguration January 20 or 21st.

BUSHNELL: That's right. Remember in December we had stopped military assistance in reaction to the nuns' murder. We had never resumed, from the period before the coup, supplying ammunition, rifles, and other lethal items, but we had picked up training and supply of some non-lethal materiel. Clearly it was the hope of the insurgents, of the communist Left, that they would get a lot of popular support. In fact, they got almost no popular support. I would speculate that, if there hadn't been the reformist military coup and the entry of the Christian Democrats in the government with the agrarian and other reforms, the middle-class and the urban poor would have been much more supportive, decisively supportive, of this all-out guerrilla offensive. But there was virtually no support. The El Salvador military, somewhat to my surprise because I didn't think that it was a particularly fit fighting force — they'd never fought anybody — turned out to be pretty effective and turned back the many attacks in the first few days without major loss of territory. It was their lives that were on the line, so they had a major incentive to fight well. But they expended much of their ammunition, so the first decision that was placed on our plate was whether we would not only reverse the decision stopping military supply we had

just made in December but in fact go beyond it to supply much needed ammunition. At that point we had no way of judging how long the guerrilla offensive would last, and it was clear the guerrillas had somehow gotten far more military equipment and supplies than our intelligence had detected or estimated. Of course if the Salvadoran Army ran out of ammunition, the guerrillas would win, and out military mission was reporting that at least some types of ammunition were running out. As it happened, the fighting tapered off fairly fast, but there was no advance assurance of that.

We received a cable, signed by White, which recommended we supply ammunition. The cable obviously was largely drafted by our military, dealing in detail with the specifications of what was needed and recommending we begin airlifting in ammunition. Bob has subsequently forgotten about that cable. I can't believe such a cable went out from the embassy over his name without him being aware of it, but he seems to think he never made this recommendation and he would have disagreed with it. The issue was taken very quickly to President Carter in his last week; he agreed that we should supply ammunition and other urgently needed supplies, and we did. The first supply flights arrived within hours of the decision; it is not far from military supply depots in the U.S. to El Salvador. I believe the decision to resupply was on January 16. I had returned from Panama on the night of the 14th, and we had sent a memo to the President the next day. I recall dictating a paragraph for a night note to the President saying that the guerrilla offensive threatened having another communist country in our hemisphere; at the time I was at the SouthCom headquarters in Panama because I was attending a Panama Canal Board meeting; it must have been Monday the 12th or Tuesday the 13th.

Q: Had Carter been actively concerned with El Salvador at all?

BUSHNELL: As I said, there hadn't been the sort of issues that required his decision but we had kept him informed.

Q: Was Bob Pastor involved?

BUSHNELL: Oh, yes, Bob Pastor was continually involved. El Salvador was in many ways the flip side of Nicaragua. In Nicaragua we tried to negotiate in great detail for months and months with Somoza to get him to make changes and to open up the society, without fundamental success. In El Salvador it wasn't through negotiation that the society was changing because that route hadn't worked, but because, after the coup, we worked with the moderate military and the Christian Democrats on the land and other reforms. With our help changes were obvious in the course of 1980. The new moderate government even formed an electoral commission to look for a way to make elections honest, although it hadn't announced a date for an election. Thus in El Salvador, despite the increased violence and the unfortunate nuns' murder, we saw the situation moving in a favorable direction toward democracy and a more open society. Carter was very much aware of this; we kept him aware of it. I don't think he was asked to do anything. We did reallocate quite a bit of aid to El Salvador, but I do not think these decisions required Presidential involvement. There was a good deal of willingness to assist reform in El Salvador. Even Henry Owen, who generally opposed aid for Latin America because it was not the poorest of the poor, supported us. There was not a big bureaucratic battle. I don't recall hearing about any meeting with President Carter on El Salvador before December 1980. Bowdler and his mission reported to the President when they came back about the nuns. Then in January, reacting to the guerrilla all-out offensive, the President approved the resumption of lethal military support very quickly.

Q: And this was his last week in office?

BUSHNELL: Last week in office, January 16. That, of course, set up the El Salvador issue for the new Administration. It was obvious that one of the first things the Reagan team had to address was what we were going to do in El Salvador. The immediate supply of urgently needed materiel was a stop-gap measure, without addressing funding and medium-term supply issues. They were running out of ammunition, so we were giving them ammunition. We didn't know how long the fighting would continue or what else needed to be done.

Q: So now this was one of the first major foreign policy decision areas the new Reagan Administration had to cope with? I wonder, John, if we should hold off discussion of what happened after that so that we talk about the whole transition period first.

BUSHNELL: Alright. There's one other Robert White matter we should cover here. Toward the end of December after the Bowdler mission had returned but while the nuns' murder was still a leading news story, I was in my office on a Saturday morning. I got in probably about nine o'clock. I didn't go in too early on Saturdays when I could avoid it.

Q: This was sometime around Christmas?

BUSHNELL: Yes, I think shortly before Christmas. I had an urgent call from Bill Rogers, a Republican who had been Assistant Secretary of State for Latin American and Under Secretary of State and was now a member of the El Salvador special mission with Bowdler. I returned the call, and Bill said, “Do you know Bob White is going on 60 Minutes this weekend, and he's probably not going to have good things to say about the incoming administration and maybe not even about the outgoing one, you know Bob.” I said, “That's news to me, but I'll see what I can find out.” I called the country director to ask, “Has this been cleared?” He didn't know anything about it. I called Deputy Secretary Christopher and told him. He said, “Call him up and tell him he can't go on 60 Minutes. The position is that during this interregnum between administrations we're not trying to muddy the waters. We're not battling anything. We're keeping it calm, and there's no reason for him to go on 60 Minutes. No matter what he says, it's going to be inflammatory one way or another.” I told my people to put through a call to Bob urgently. It wasn't easy to call El Salvador. First I tried unsuccessfully to get him on the secure phone, and then I said get him on the open phone. Maybe an hour or two went by, and they finally got Bob on the phone. I said, “I hear you're doing a 60 Minutes piece this weekend.” He said, “Yeah, that's right.” I said, “Did you clear that?” He said, “We don't have to clear that sort of thing.” I said, “I have an instruction from the Deputy Secretary that you're not to do it.” He said, “What the hell am I

going to do? These people are here right now in the next room. I've already done half an hour."

Q: Mike Wallace?

BUSHNELL: I forget who it was. Somebody was there, a team with cameras and everything. I said, "Tell them you want the tape." He said, "I can't do that." I said, "Your instructions from the Deputy Secretary are not to go on 60 Minutes. That's your instruction. Do you understand that?" He mumbled something. I don't know that he agreed he understood, but he certainly understood. He went on 60 Minutes, and he blasted the Salvadoran military. He said they weren't investigating the nuns' killing because the Reagan Administration was coming in. He appeared to try to put the blame for the nuns being killed on the Reagan Administration, which wasn't even in office yet. It certainly left a bad taste for the outgoing administration, which didn't make much difference. Fortunately I told Bill Rogers about the instruction to White, and he communicated it to the transition team. Of course, the incoming administration saw Ambassador White as a problem.

Q: This answers my earlier question. Anything more about El Salvador in the Carter period?

BUSHNELL: No.

Q: Because I think maybe we ought to go through the whole period of transition before we take up what actually happened under Reagan. Reagan, of course, as a Presidential candidate in 1980 was quite critical of the Carter Administration approach to Central America. Why do you think he put such emphasis on Central American during the campaign? It seemed to some of us at the time that it was a little bit out of perspective.

BUSHNELL: I'll tell you my theory. On most US foreign policy issues there was, and still is, actually a pretty good national consensus. There was a national consensus that we support Israel, that we were against the Soviet Union, that we were prepared to open but

be cautious with China, support Japan, and for that matter that we support human rights in general terms. For 90 percent, let's say, of foreign policy Republicans and Democrats were basically in agreement. There was some disagreement at the margin, but it was at the margin. Should Israel get 2.5 billion dollars, or 2.9 billion? That's not really the basis for a debate among Presidential candidates. But Latin America, including Central America but perhaps excluding Mexico, suffers from the great disadvantage that most Americans do not consider issues there very important. Because there did not appear to be national security interests at stake in Central America, the Carter Administration was free to emphasize its human rights policies there, in contrast to say the Middle East where other issues trumped human rights. But events in 1979 and 1980 presented a major national security interest in Central America — stopping communism. This had been the core issue for Reagan most of his political life. Thus it was natural for him to attack the Carter Administration for communist gains in our backyard.

Differences between the candidates or parties tend to be exaggerated. The geographic proximity of Latin America makes it easy to present the image that the other guy is fouling up our backyard. Remember that Nicaragua was a very unconsensus place for US policy; there were key Democratic Congressmen who were very opposed to our anti-Somoza policy. In fact no one liked the outcome with a far left or Communist take-over under the guidance of the Cubans. Everybody would agree that was a bad outcome. So it was a natural area for Reagan to criticize. Here was a bad thing that had happened on Carter's watch; it hadn't just happened on Carter's watch, he had been deeply involved in Nicaraguan policy. A lot of people in the Congress, including Democrats, had been concerned about our Nicaraguan policy. They had said don't let the Communists take over. Moreover, Reagan all his life made opposing communism his first, and perhaps also second, principal. Thus allowing communism to spread to Central America was to him a major sin. In short there was no American consensus on Central American policy; the communists had made gains; and the Republicans could make a good issue out of Carter's “allowing” the communists into Central America; being anti-communist was

classic Reagan. No doubt he was sure he would act to prevent communist gains in Central America, or for that matter anywhere.

Nicaragua was not the only place in Central America there were disagreements. There was an element of the Republican Party led by Helms that was against land reform and our supporting the land reform in El Salvador. The Right in Guatemala, which greatly opposed the Carter Administration human rights policy in Guatemala, provided a lot of assistance to the Republican Party. On Panama, of course, many Republicans accused the Carter Administration of giving away the Canal. Central America was an area where Republicans, and many others, perceived that things had gone badly under Carter, and the advance of communism tied Central America to a bigger picture - the anti-communism that was the core of what Reagan stood for. In some respects Cuba was included in this negative presentation. Carter's attempts to befriend Castro had backfired in terms of greater Castro involvement in Africa and Nicaragua and then the Mariel invasion, certainly not things that Carter wanted to see happen. Thus recent history made Carter's policies in Latin America ripe for criticism. Reagan was critical.

I believe it was not until the guerrilla offensive in El Salvador that the idea occurred, I think first to Al Haig, that the new Administration could make Central America the cutting edge of the Reagan Administration anti-communist campaign. The difference between the Carter and Reagan Administrations would be profound. On Carter's watch Communism moved forward, and on Reagan's watch Communism would be stopped and moved backwards. Central America became the cutting edge for this policy.

Q: The Reaganauts apparently believed active support from the Russians and/or the Cubans was critically helpful to the insurgents in Central America, but do you think that was really true?

BUSHNELL: It was certainly true in both Nicaragua and El Salvador.

Q: Critically important?

BUSHNELL: Yes, critically important. Castro and the Cubans were critical in both cases. The Cubans united the squabbling leftish guerrilla groups in both cases and then provided massive equipment, munitions, and training. Until the Sandinistas took over in Nicaragua the Russians appeared to act mainly through the Cubans. In El Salvador the key role of the Russians in arranging a large supply of guns and ammunition from around the world for the guerrillas became known only when we got key guerrilla documents after January 20. The most important and critical thing the Cubans did was to bring a diverse and divided, and often fighting among themselves, far left together. As long as that group was divided, it would not have taken over either country. So bringing them together and then training their cadre and supplying them with key weapons was critical. If you take away those factors, they wouldn't have succeeded. The amount of supply we now know, although we didn't know currently at the time, was massive — plane after plane from Cuba flying into Liberia in Costa Rica and loading artillery shells on trucks to go across the Nicaraguan border. In El Salvador the large number of weaponhow we learned after the fact is a story we'll tell in a minutwere provided from all over the world from Communist countries, from Vietnam, from Somalia, from various places, not from Russia itself, but always coordinated from Russia. These weapons permitted the all-out offensive by the Salvadoran guerrillas in January of 1981. At the time they were occurring we didn't know about these massive communist supply efforts. We had a massive intelligence failure. If Reagan had criticized our intelligence about communist military supply in our hemisphere, he would have been dead right. But, of course, he did not know about the El Salvador supplies during the campaign, and I do not recall that he made a specific issue of the Cuban supply to the Sandinistas. We didn't know at the time what was happening, but in retrospect one can certainly say that the role of the Cubans, supported by the Russians, was critical in both cases.

Q: Apparently another factor strongly influencing the Reagan people was the article Jean Kirkpatrick wrote about the presumed double standards applied to dictators. Do you think her thesis was valid, and was it influential with the Reagan people?

BUSHNELL: Yes on both counts. As with most short popular analyses, Kirkpatrick's famous article was an oversimplification, but it was certainly true that the Carter Administration pressed authoritarian governments much harder on human rights when there was not another major issue such as oil supply or defending against communism. Reagan emphasized this inconsistence as a flaw in Carter's policy. One shouldn't treat this debate as completely black and white. Reagan was not saying we should have no human rights element in our foreign policy, although he did believe we should mind our mouth and stay off the bully pulpit. He was saying it was overdone by the Carter Administration. Certainly an argument which I made often in the Christopher Committee and with Christopher himself was that we didn't have a comparable worldwide policy, that we were a lot tougher with some governments in Latin America than we were elsewhere. El Salvador was a very brutal place. A lot of people were killed. It was a dictatorship. So was Romania, but we activated our aid program in Romania. We turned human rights to the side because this was a communist country that was disagreeing a bit with the Russians. There were many places around the world where human rights abuses were much worse than in Somoza's Nicaragua. He wasn't killing many people, and the press and opposition were even outspoken. The military in Nicaragua didn't decide on Saturday night to go out and kill somebody just for the hell of it. Ironically one of the best examples of the inconsistent and unintended double standard was the Carter Administration treatment of the Somoza and then the Sandinista governments in Nicaragua. We stopped military aid and tried to cut back economic aid to Somoza, but we started a new military aid program and offered massive economic aid to the Sandinistas even though in almost every respect human rights in Nicaragua were worse under the Sandinistas than under Somoza. I favored the aid to the Sandinistas, only because I did not want them to claim we pushed them into the arms of the Cubans and the Russians. However, while HA pressed

for some human rights sanction against Somoza on a weekly basis, HA hardly even wanted to mention in the annual report the many summary executions or the repressive measures against the press and even the church under the Sandinistas.

Q: This is Monday, August 10th, 1998. I'm John Harter with John Bushnell. We were discussing the elements in the Reagan campaign of 1980 that predisposed its policy toward Central America. Do you have any sense as to the degree to which Bill Casey was exercising an influence on Reagan's thoughts on Central America? We subsequently learned he was obsessed with Central America. To the best of my knowledge, prior to that he was not that much concerned with that area.

BUSHNELL: I don't think he was concerned or knowledgeable on Central America until he took the CIA job. During the Carter Administration the Agency was very uninterested in Central America. There were monumental intelligence failures. We did not even have decent intelligence on the internal Cuba situation. We weren't watching places like Venezuela or Nicaragua to see what the Cubans were doing, but that intelligence is not easy to acquire. In places like Nicaragua under Somoza or El Salvador under Romero the Agency would work with and be used by the intelligence organizations of these authoritarian, corrupt, and violent regimes. Such assignments are not very pleasant for Americans, and it is easy for the intelligence officers, who are usually not the cream of the cream, to be taken in by some pretty professional and strong intelligence operators in these governments. Then our intelligence becomes what they give us, not impartial independent facts or views. Thus during the first weeks of the Reagan Administration Casey was urged by Haig, by Allen, by Defense, and I suspect by the President himself to improve intelligence on Central America immediately; it was the first foreign policy priority for the Administration. If this caused him to be obsessed with Central America, that was what Haig and I were trying to do.

Q: What were the ARA preparations in anticipation of the new administration before the transition?

BUSHNELL: Soon after the election ARA was tasked by the Executive Secretariat to prepare transition briefing papers on major issues.

Q: Now, let's see. Vaky was gone and Bowdler was in by that time.

BUSHNELL: Bowdler had been running ARA for over a year. Independent of the transition I encouraged our country directors to maintain briefing papers on the main issues in their countries all the time so that they could just make quick revisions if some traveler was going there or some official was coming to see one of our principals. I remember soon after the election — I don't know how soon — before any transition team had been set up or any tasks had come down from the seventh floor, I'd asked the country desks to begin going over these papers with the idea that a new administration would want fairly detailed briefing papers on all the main problems. We also began work on some over-arching papers on aid levels, military assistance, and some other areas. Then the secretariat in its usual way put out a tasker sometime in November to have briefing papers prepared in a standard format. Eventually a transition task force was set up, and some transition officers were assigned to State by the Republicans running the transition. There was great speculation, of course, about who was going to get various jobs and what policy changes would be made. During this period I was very busy with other thingthe nuns' killing in December, the ongoing crisis of Nicaraguans pulling back from a military association with us and inviting in the Russians, worrying about the Nicaraguans supporting the Salvador guerrillas, trying to get an aid program going in Nicaragua which was proving quite difficult, the problems with the aid program in Salvador. I don't think I spent much time on the transition papers until they began to be due, and even then I don't think I reviewed many of them.

Q: I was just wondering if these papers were basically pro forma or a really serious activity.

BUSHNELL: They were a very serious activity on the part of the country officers and the ARA deputies. I pointed out that the transition papers were the first exposure many people

in the new administration, including the 7th floor principals, would have to professional Foreign Service staff work. The biggest foreign policy mistakes of an administration are usually made in its first weeks before its people have had time to understand fully the various issues.

Q: One could understand why they would be a little bit cautious in what they would say, especially knowing that the Reagan people had been very critical of what the Carter people had done. It's easy to do a factual paper, encyclopedia sort of thing.

BUSHNELL: The effort was to identify issues that either needed to be decided one way or the other soon or that were subject to decision and to lay out the considerations in favor of the reasonable alternatives. We tried to write these papers keeping in mind readers with little knowledge of Latin America, which means providing quite a bit of background even in short papers. Then I had a board meeting in Panama the second week in January, so I was away for some of that week.

Q: Were you actively involved in preparing these papers, or you just told the country directors?

BUSHNELL: I was actively involved in some. I remember changing and reviewing a couple of papers. I may have seen a lot, but I don't remember them now.

Q: Do you have any particular sense of what the papers on Nicaragua and El Salvador dealt with? They presumably would have been quite difficult to write.

BUSHNELL: On El Salvador the first draft written before the nuns were killed was upbeaconstructive changes are happening but there are problems. Then the paper would have had to be revised to a downbeat noting the nuns' killing and our reactions. Finally supplemental papers would have been submitted dealing with the January offensive because the papers were already with the transition team at that point. Thus some of these papers were sort of a movable feast. I don't think I saw most of the individual country

papers because the other deputies did those and probably Bowdler reviewed them. I remember working more on papers about the level of military assistance, aid especially for the Caribbean and Central America, and a general paper about the coordination of human rights policy. I also reviewed the Nicaragua and El Salvador papers because there were so many military, aid, and human rights matters concerning those countries.

Q: What more do you recall about the transition and who were the key people on the Reagan team?

BUSHNELL: I recall two members of the transition team for Latin American, Roger Fontaine and John Carbaugh. There were others. Carbaugh was a staffer for Helms. The transition team members would call ARA country directors to their offices on the first floor of State to brief them on various countries. My own mind set was that come January 20th or soon thereafter the Reagan Administration would have a new team on Latin America and I would be doing something else.

Q: Did you have much involvement in the transition?

BUSHNELL: I never talked substantively to any of the transition people. I think John Carbaugh did come to my office at one point and had some questions on where some paper was. He was a person I knew. But I don't recall having any substantive, in-depth conversation with him.

Q: There was some presumption that he was going to be the new Assistant Secretary. He was young, but there was public speculation.

BUSHNELL: There was a lot of speculation about who would be the ARA Assistant Secretary.

Q: Reagan personally did not ask you who you thought should have the job?

BUSHNELL: No.

Q: How about Constantine Menges and Roger Fontaine?

BUSHNELL: Fontaine was certainly there, but I don't think I met him during that transition period. Was Menges on that team? I don't remember that, but he could have been.

Q: Did you have any sense as to whether Casey or Kirkpatrick or Richard Allen were at all concerned with Latin American before January 20th?

BUSHNELL: I knew who Kirkpatrick was from her article, but I don't recall her in a transition role concerning ARA.

Q: You were too busy to worry about the transition?

BUSHNELL: I must have had conversations with some of my staff who met with Carbaugh or Fontaine or somebody. Country directors met with them and maybe went over the papers.

Q: Do you know when and why Haig was chosen as Secretary?

BUSHNELL: No.

Q: Do you recall when you were first aware? You had known him before. That must have been pretty good new for you.

BUSHNELL: Yes, I considered that good news. I had worked a lot with Haig, and I knew he had lots of experience and was a foreign affairs professional, even more than he was a military officer. I did not think of his appointment in terms of my next assignment. During the summer of 1980 I had been chosen to be Ambassador to Chile, but Bowdler had asked if I would postpone going to Chile to continue helping him in ARA until the end of the

year. Since Ambassador Landau in Chile did not have an ongoing assignment and could stay there through the end of the administration, I said that was fine.

Q: Too bad you said okay.

BUSHNELL: I did say, “Let's go ahead and get Chilean approval.” The Department sent the usual cable to Santiago. Ambassador Landau then phoned and asked not to make the request because then he would have no job and he had reached the age where he would have to retire. He wanted another assignment. He was eventually told to go ahead but I would not be coming until a couple of months into the new year. He did present the request, but by then we were only a month or six weeks from the election, and Pinochet said, “We've got an election coming up. Bushnell seems to be alright, but maybe we'll get somebody better from Reagan.” So he delayed action pending the election. The Chilean system was already in gear, and I was invited to small dinners at the Chilean Embassy to meet any Chilean official that was coming through. If Carter had won the election, there would have been no question. Pinochet would have given approval, and I would have gone to Chile, perhaps after some difficult questioning by Helms.

My mindset was that it was time for me to leave ARA and Washington; I had been there for a long time, three years in ARA and over 10 in Washington; somebody else would be coming, and maybe I can go off to Chile, and that will be fine. I don't have any recollection of being focused on possible policy changes of the new Administration. I remember making a number of decisions in November and December to keep policy doors open. For example, when we stopped military assistance for El Salvador because of the nuns' killing, some colonel in Defense called me. He had received a Presidential directive to stop military assistance, and he said, “I don't know what we're going to do. We've got 150 trucks on the dock in Florida ready to be shipped to El Salvador. What should I do?” I said, “What are the implications of stopping the shipment?” He said, “They're just damn civilian trucks, but we'll never get General Motors or whoever it is to take them back. We bought them. We don't have any use for them. I don't know what the hell I'll do with them. And

the Salvadorians can buy a truck like this anyplace." So I said, "Well, ship them; consider them grandfathered, i.e. purchased before the cutoff." I figured let's not burn our bridges, lose a lot of money with a distress sale, and then have a new Administration come in that may well want to provide assistance. This incident was two or three weeks before the guerrilla all-out attack. There were a number of operating decisions along these lines that came up. I tried to follow Christopher's guidance to Bob White to avoid waves during the lame-duck period. Try to keep things on a level course consistent with established policy because it would take considerable time to name a new Assistant Secretary and get him or her confirmed. It had taken the Carter Administration six months to a year to gear up the administration. I thought the timing would be the same. It never occurred to me that some parts of Latin American policy would be Item One on the agenda and people would be going gung-ho worldwide run by the Secretary of State on Latin American issues. That thought never crossed my mind before January 20th.

Q: So what do you know about Bill Bowdler's departure? Were you surprised? That was on January 21st as I understand.

BUSHNELL: No, he retired on January 14th or 15th.

Q: A week before.

BUSHNELL: What I recall isome of this I heard from Bill and some from otherthere was some change in the retirement rules that became effective January 15th of 1981 which, if you were in Bill's situation with many years' service, you got a substantially higher annuity if you retired on January 14th than if you retired on January 16th, so if you were going to retire in the next few years, it was highly desirable to do so by January 15. Bill had put out feelers concerning a future assignment; he said to me he put out feelers to various people.

Q: In or out of the Foreign Service, or both?

BUSHNELL: I thought outside, because nobody in the Foreign Service could make any commitment on ambassadorial assignments. He said he'd put out feelers to find out what sort of job he could get because he knew he wouldn't stay in his current job. He was looking for some assurances that he would have an interesting job.

Q: He had a pretty distinguished career.

BUSHNELL: Yes, he had a very distinguished career and certainly would have been very qualified to go as ambassador anyplace in Latin America, or elsewhere for that matter. During the first part of the week before the 15th, a Thursday, I was in Panama for a Board meeting. The offensive in El Salvador had begun the Saturday before, and I spent considerable time at the headquarters of Southern Command where I could get up-to-date information and have good secure communication with Washington. I don't think it had sunk into my thick head that Bill might actually retire. I was scheduled to come back on the military plane the American members used to go to Canal Board meetings on Thursday night or Friday. About Tuesday Bill called me and said, “John, can you come back by tomorrow night because I'm going to retire and you'll be in charge?” That was the first I knew that a decision had been taken. I didn't ask any questions. I quickly arranged to get the main business of the Board scheduled by midday of Wednesday so I could get an afternoon/evening flight to Washington.

When I went to the office early the next morning, I was in charge and Bill was retired. We were in the middle of responding to the offensive in El Salvador. It was the beginning of the most hectic few months of my life. It does not seem I had a free minute from then until June when Tom Enders was confirmed. I was told that Bill had tried to get assurances from Haig and from others that he would get a good job. Whatever was said, he didn't take it as enough assurance, so he decided at the last minute to retire when his pension would be maximized. My reaction at the time was that's certainly a loss and it's too bad he's retired because there were a lot of jobs where he could have made a big contribution. But subsequently over the years, as I saw the problems that I had getting appointed and

confirmed to anything, I wondered if he would have had any chance of getting confirmed without a gigantic fight in the Senate.

Q: How old was he?

BUSHNELL: 56, nearly 57.

Q: And he'd had 30 years?

BUSHNELL: He had been in the State Department 30 years and had earlier been in the Army a couple of years. He was very serious about his professional obligations. After he retired, he spent many days in a hide-away office we found for him writing officer evaluations on all of us who had worked for him. His effort was a great blessing for me because I was so busy the following months that I would never have been able to do the evaluations.

I was named Acting Assistant Secretary of ARA by Secretary Muskie, who was still there, for the last week of the Carter Administration. Then somebody from the Secretariat called me during that week and said they just had gone over the list of who was going to be in charge of the bureaus with Haig. He said, “Haig was looking at who was there; when he came to your name, he said, 'Wow, he stays'. You must have some in with him.” I said, “Well, I know him.” At that point I knew I was going to be Acting and very busy for a few weeks or months until they got somebody named and confirmed. It turned out to be longer because there was a big struggle over who it would be.

Q: Any idea why Enders was named? Was it a few days or a few weeks or very long before his name surfaced? I know it was a long time before he was confirmed.

BUSHNELL: Oh, yes, there was a tremendous struggle. I don't know much about it; I tried to stay out of it. Supposedly people like Jean Kirkpatrick and Senator Helms and several others had candidates for the job. The Cuban-Americans wanted one of them. At one

point most of the ARA staff thought it would be Fontaine. There were different rumors and press stories every week. There were even rumors I was going to be nominated, although I have no idea where they came from; not from me. I had two conversations on the subject. I guess they were about the end of February, but it might have been early March. It was quite awhile; an awful lot happened in those first six weeks or so of the Reagan Administration. I was in a car going somewhere with Haig, probably to a meeting at the White House, and he said, “You know, John, I'd really like to make you the Assistant Secretary, but this thing has just become so political I think we're going to have to find somebody without a background in Latin America. It's the only thing that's going to work. Who do you think that could be?” I was surprised at his kind words; nobody came immediately to mind. I said I'd think about it. I called him later and suggested Tom.

Q: Did you talk to Enders about it?

BUSHNELL: No, and I don't think I was the first person to suggest Tom because Haig seemed to be considering Enders when I raised his name. I think Haig wanted a career person in part because the Carter Administration was perceived to have brought people who were ideologues into ARA. Actually all three Carter Assistant Secretaries had been career and most of the deputies. The main ideologues, if one calls them that, were in other bureaus such as HA and Policy Planning but working on ARA countries.

Q: But it was a while before Enders came? Where had he been at that point?

BUSHNELL: Enders was the Ambassador to the European Community. He came back, probably in late March, for a week and touched base on the Hill. I spent quite a bit of time with him, gave him some briefing and some reading. Then he went back and closed out in Brussels. He arrived back about the middle of April, maybe even the end of April. Then there were a couple of months when he was there but was still not confirmed. I was Acting until, as I recall, toward the end of June.

Q: And Enders was there from April?

BUSHNELL: Yes, he was sitting in the assistant secretary's office and reading. But soon he was increasingly doing more things such as meetings within the department. To avoid prejudging the Senate, he was not supposed to do anything that suggested he was in the job while his nomination was still pending. As I was exceptionally busy and even had to do some traveling, he would clear cables, memos, and letters, but they would go out under my name.

Q: What was the delay in his confirmation?

BUSHNELL: I don't know. Whether it was a delay in getting his papers to the Hill or a delay on the Hill I don't recall, probably some of both.

Q: But you interacted with him during that period of time?

BUSHNELL: Oh, yes.

Q: You were technically Acting Assistant Secretary.

BUSHNELL: By about the middle of May I wouldn't do anything major without consulting with Enders. He was around every day and all day, so that was feasible. I had to do some traveling in May, and he then did more, sort of ran the Bureau while I was away. As it got closer to his confirmation, he was gradually doing more and more, but he was careful not to do outside things which might backfire on his confirmation. Thus I did the public speaking, the TV appearances, the press conferences, the Congressional testimony and lobbying, and such.

Q: This was kind of an awkward time to be in a very prominent position as Acting Assistant Secretary in ARA, which was very controversial and there were all kinds of emotional

feelings about it. On the other hand, you had a long relationship with Al Haig. How did you feel about all that?

BUSHNELL: I looked at this busy period as a job I had a professional duty to do regardless of the implications for my future career. I believe it is an important part of the professional Foreign Service to provide background and balance through the transition between political administrations. I have observed that administrations tend to make their biggest foreign policy mistakes in the first few months because they haven't learned the territory. I saw my job in the transition after January 20th as avoiding the new people doing anything too rash and making sure that we moved forward in a sensible, next-step fashion in ways that made sense. This approach fitted well with Haig's and with the general mind set of the new administration. As always happens for the last six months, particularly the nearly three month lame-duck period, of an administration, it leaves many issues pending as it focuses on the election and then the transition.

There had been major human rights improvements in Chile, and it was time to modify our Chilean policy, but this was not something to raise just before the election or in the interregnum. It was obvious to leave this until a new administration came in. We then did a policy paper and recommended changing our Chilean policy. Haig approved. I testified on the Hill and said what we were going to do and how the Chileans had improved the current human rights situation. I may have mentioned earlier that Guatemala was another country where I sensed that probably we should take some of the edge off our human rights policy, so I looked for a way to do that. One of the Carter Administration actions had been to block the export of civilian products to the Guatemalan military, so things like trucks, construction equipment, and knapsacks were refused export licenses when they were ordered by the Guatemalan military. US companies could and would export such items to civilian dealers in Guatemala for which no export license was required, but we wouldn't give the export license which was required if the buyer was the military. This situation was a bureaucratic joke because the civilian dealer, say the General Motors dealer, in Guatemala could import the trucks. The civilian export didn't require an export license. Then the dealer could sell

them to the military. But, if the military went direct to buy from General Motors as it would typically do if it was buying 200 or 300 trucks, then an export license was required and denied. I thought, that's a place where we're not doing our human rights policy any good but we are hurting US exporters and workers because Guatemala had begun buying Japanese and European equipment. We've gotten into this situation because Guatemalan human rights were bad so we somewhat unthinkingly tightened up. Here was a place we could constructively loosen up a little reflecting the new administration not wanting to be as rigid on human rights as the previous one. I had a decision memo prepared for Haig. The Human Rights Bureau made its usual contribution detailing how bad human rights were in Guatemala, as they were, but this was a small change in policy where we could help our exporters.

I was in Haig's office a lot the first couple of months, and at one point, when we were alone after some visitor had departed, he picked up the Guatemalan memo from a pile on his desk and threw it on the floor. He said why do you send me a memo telling me how terrible human rights are in Guatemala and then recommend a moderation of our policy. I explained that the modification was to help our exporters and workers and would have little effect in Guatemala except perhaps to demonstrate the U.S. was coming to its senses. Moreover, I said Guatemala was the biggest country in Central America and we needed to make actual progress in improving human rights there before Castro increased his influence with the Guatemalan guerrillas and we had a repeat of El Salvador and Nicaragua. Denying export licenses for things the military could easily buy elsewhere or by another route was good for the bully pulpit but not for actually negotiating policies to improve human rights. A couple of days later a winkled Guatemala memo with our recommendation marked approved by Haig arrived in ARA. One of our staff assistants commented that Haig or someone must have taken it out in the rain. I simply said, “No but he agonized over it a lot.”

Q: You interacted with him quite a bit then?

BUSHNELL: Yes. I think that, since we had worked together at the NSC, he knew I would handle things in a professional way, and that's what he wantesomebody that would do things professionally and support him imaginatively in what he was trying to do.

Q: And what was he trying to do in Latin America?

BUSHNELL: Haig's and Reagan's first priority, and not just in Latin America, was to stop the advance or creation of communist/Russian/Cuban regimes. In short no more Nicaraguas or Cubas. Down the line they even hoped to find a way to force back communist influence. Haig knew that an effective anti-communist policy had to be much more than working with authoritarian regimes. In fact authoritarian regimes are much more likely to give way to communist regimes than are more democratic situations. Thus, he wanted effective diplomacy to advance democracy and human rights, not bully pulpit statements playing to US domestic groups. Perhaps his statement that, if necessary, we would go to the source was a bit of a slip from the general policy.

Haig inherited a Salvador situation where the Communist-supported guerrillas had just lost a big battle, but the Salvadoran military suffered substantial losses of equipment and men. The immediate issue was would we make a massive effort to assure that subsequent offensives of the guerrillas don't succeed. Despite the fact that human rights were still not good with killings and other violations on all sides, there was the most comprehensive land reform ever in this hemisphermaybe a land reform that's too much for some people but at least great social changes were going on. Moreover, the Christian Democrats and many of the military leaders then in the government wanted to move to democracy. My recommendation was that El Salvador was a place and now the time where we should really support the military, but we should do it in a way in which the military would in fact take control of the countryside away from both the guerrillas and ORDEN, those thugs in the rural areas who were killing people and controlling the rural economy for the benefit of the oligarchy. We needed to build up the military so they could stop the guerrillas, but we also needed to build them up in such a way that they could establish order all over

the country and end the role of the rural gangs of ORDEN. Of course we also needed to train the military leadership to control its own people and greatly improve its human rights record.

Q: He agreed with you?

BUSHNELL: He agreed with me, and this was an area where he made major personal inputs as a career Army officer with long international experience. He came up with the idea of bringing entire Salvadorian Army units to the U.S. for intensive training - including both officers and enlisted ranks. Thus this training could include not just the tools and methods of fighting but also the importance of winning the hearts and minds of the population by good human rights behavior on and off duty. Only a former four-star general could have sold this concept to Defense and assured that this training was done by our best and most imaginative troops, including many Spanish speakers.

Q: I had stopped you before from talking about El Salvador. Is there more to say about it here?

BUSHNELL: Well, let me go on a little. The Salvadoran military had beaten back the all-out offensive, but it was a military of fixed positions. The Salvadoran military guarded its barracks and buildings in the city, but it didn't go out on patrol looking for insurgents most of the time. Clearly one needed a major change in tactics and training to carry the fight to the enemy and not just wait for the enemy to come and attack Army positions. Otherwise, a second or third offensive would be more apt to be successful. The question was how to go about changing Salvadoran military tactics. Very early in the administration, because El Salvador was such a focus of attention, many in the Congress and the press raised the Vietnam syndrome. There was a great concern that we not make El Salvador a new Vietnam, that we not send in our forces to do the fighting. Sending in fighting forces was never the plan. However, the experts in defense argued that we needed a massive training effort with hundreds of US personnel sent to train and equip the Salvadoran forces

and change their tactics. There was a lot of political opposition to putting many American trainers potentially in harms way. Thus Haig's plan to bring Salvadoran units to Georgia for intensive training and reequipping was not only a major contribution to the effectiveness of our efforts but also to reducing political opposition because our trainers would be safe.

Q: But the El Salvador situation really did seem to preoccupy the Reagan Administration during its first term quite a bit.

BUSHNELL: During the first few weeks of the Reagan Administration this was the key issue worldwide which needed to be decided. Salvador needed a lot of decisions and a lot of diplomatic work. One of the things Haig wanted to do, and I guess the President wanted to do, was to get support from NATO and from other countries for this Salvadoran effort. They also wanted to put it in the worldwide anti-communist context. I remember spending lots of time with Larry Eagleburger, whom Haig brought in as Assistant Secretary for European Affairs. Larry spent a large part of his first two months in that job calling in European ambassadors to talk about El Salvador and sending instructions to the European posts on Central America. As ARA's time was strained by efforts with the Congress and press and the actual policy formulation, Larry agreed to use his staff in EUR to develop this major diplomatic campaign trying to get support for saving El Salvador.

Finally I went to a NATO meeting in Brussels. The NATO Council called a whole-day special meeting on El Salvador, and the U.S. urged the members to bring to Brussels their top Latin American experts. This meeting worked out extremely well. Because I had been in ARA at that point for more than three years, I knew personally the equivalent of the assistant secretary for Latin America in Germany, France, Canada, England, Spain, and several other countries. At this special NATO meeting most countries had two chairs at the gigantic round table; their NATO ambassadors were there; most knew little about Latin America; then they had their senior policy person from their capital. I explained the problem, our policy, and the intelligence we had. Because of the NATO setting I could share much sensitive intelligence (the room had been fully secured at

Ambassador Bennett's request, and the usual inquisitive observers and staff had to leave). My colleagues from capitals had lots of good questions, but it was clear they were coming to appreciate, most for the first time, that we were facing an expansion of communist influence by violent means in the Western Hemisphere. We were quite successful in getting a good deal of understanding and support. We weren't really asking our NATO allies to do very much, which is probably just as well. But statements of support from our allies helped with Congress and the public. Turning to NATO also sent a message to Latin American countries, especially Mexico, that we were serious. Had we turned to the OAS, the debates might still be going on.

El Salvador represented a big push of the new Administration in many ways. Haig and the White House jumped all over Casey in terms of wanting more and better intelligence. Bobby Inman, who was the Deputy to Casey at the beginning, would come over to State with his team to brief the Secretary. Haig and I would then tear the briefing apart because they didn't have good intelligence. We must have gone through that a half a dozen times.

Q: I thought Inman was supposed to be pretty sharp.

BUSHNELL: He is sharp, but he didn't know anything about El Salvador and not much about Cuba or Nicaragua. He would make the best of his brief, but the guts of it weren't sound because the analysts didn't have good basic inputs. I take some of the credit for the biggest intelligence find in Central America; the Foreign Service completely aced the intelligence agencies. Coincidentally, you never know what benefits you're going to get from something. As I said earlier, El Salvador was a small violent country with a small US embassy, and FSOs didn't want to go there. We had lots of vacancies. We had had an ambassador who wanted to leave, a DCM who wanted to leave. Thus we had to deal with the hottest issue in the new Administration with an embassy with only a couple of FSO reporting officers.

Q: Who replaced Bob White?

BUSHNELL: Nobody for awhile. We sent Fred Chapin, who had returned from being ambassador in Ethiopia and had been consul general in San Paulo and had served in several ARA posts, to hold the fort for a couple of months because we had no ambassador or DCM when White departed. Dean Hinton was nominated by the end of February, but he didn't get there for a couple of months or so. Yes, that's right, another friend of mine that I threw into a surprising place. Who knows, it may have changed his life? He married a Salvadoran. But being sent to El Salvador after being Ambassador in Pakistan was a come-down in some respects, although that embassy soon became one of the largest in the world.

To return to the intelligence coup, I had decided in January, before January 20th, that we needed to strengthen the reporting out of the embassy in El Salvador. We had a bright young political officer in Mexico, Jon Glassman. It's a big political section in Mexico with four to six State political officers. I called Mexico and said, “We need a good political officer, experienced and able to speak the language well in El Salvador. Can Jon Glassman go to El Salvador for four or five weeks, maybe then come home, and maybe go back again later?” Mexico could certainly spare him and only insisted that ARA pay the travel costs. So Jon went to El Salvador; I talked to him on the phone to tell him what sort of reporting to give priority in addition to digging around on the nuns' killing. The Agency has lots of money to spend for intelligence, but it's amazing what good Foreign Service Officers can get for nothing.

Jon was rummaging around, talking to a lot of people, and trying to learn more about the guerrillas as I had suggested. Somebody mentioned to him that the government had all these documents they captured when they raided guerrilla safehouses in November 1980 and January 1981. He arranged to look at them. He was provided with this big group of documents which included, the guerrillas being well organized, the minutes of many of their meetings and a diary kept by Communist Party Secretary General Jorge Shafik Handal about his travels to Havana, to Moscow, then elsewhere. From Moscow

the Russians sent him to Vietnam, back to Moscow, from Moscow to Somalia, back to Moscow. At each of these places they got him large quantities of weapons. They wanted to get him weapons that were not Russian, that would not be associated with them, but rather weapons that were captured by the Vietnamese or provided by the West to the Somalis. The Russians arranged to get these weapons, probably in some sort of exchange for new weapons they were providing these communist states. The Russians also arranged and paid for shipping the arms and ammunition to Havana. Then with the help of the Cubans the arms were shipped to Sandinista Nicaragua.

This massive arms supply effort was all laid out in the diary with exact details on the number and types of weapons, a mine of information, as were the minutes of the guerrilla meetings. This incredible intelligence find had been sitting in some Salvadoran police station; apparently no Salvadoran intelligence officer had taken the time to read the documents, nor mentioned it to any US intelligence type. Nobody was exploiting it. Jon immediately saw the importance of his find, and we soon had the documents or copies, I forget which, in Washington as well as his summary reports. Thus it was this professional work by an FSO that gave us the key information to document the roles of Russia, Cuba, and Nicaragua in supporting and training the Salvadoran guerrillas. These documents answered many of the questions Haig and I had been asking the Agency. They were a tremendous advantage for us because we had been saying that military supplies had come from Cuba to Nicaragua and then to El Salvador and that the Sandinistas were training the Salvadoran guerrillas. But we could point to only a limited number of isolated incidents such as arms intercepted by the Honduras government, and the Sandinistas were denying their involvement. As I recall, we had no previous hard evidence of the Russian role.

In making our case, particularly with NATO and with the public, this document find laid it all out, in the guerrillas' own handwriting. We put out a white paper covering this information, which was a major help in getting support for our policy, particularly in Congress. If it hadn't been that I decided we needed to reinforce the embassy urgently with another good

FSO reporting officer, we'd probably not have gotten this intelligence goldmine on a timely basis. There then might have been much less support for assistance to El Salvador in NATO and the US Congress. Who knows how history might have been changed?

The Agency and the entire intelligence community were extremely weak in terms of just about everything related to El Salvador and Nicaragua. Once Haig and I, and the NSC, began really pushing hard to upgrade intelligence collection in Central America all the agencies made big investments, particularly in technical collection. They had an air watch to see any planes that were coming from Nicaragua to El Salvador, any ships by sea, and all the more sophisticated collection. We began to get all sorts of satellite pictures. All this collection was useful, but it didn't tell us anything about what had happened before February 1981. It was Jon Glassman's work that gave us that critical picture.

Haig wanted to make very clear that one of the things the Reagan Administration was going to do was to stop the Communist advance in Central America. The communists were trying to advance in El Salvador, and we were going to stop them there. There was an implication that maybe we'll roll communism back in Nicaragua if the Sandinistas didn't live up to their promises and even go to the source in Cuba if necessary. Central America was the first thing on the foreign affairs docket. Determination to save El Salvador raised some difficult policy questions about how we were going to strengthen the Salvadoran military, which needed a lot of training and a lot of supplies and re-equipping. Haig said to Defense, “You know, we can send our guys to El Salvador and our guys can do a lot of training, but the Salvadoran troops are still going to be in their territory and they're going to continue doing half the things their way. Let's take whole units, whole battalions, and bring them up to Fort Benning (Georgia) and train them as a unit; look at them as an American unit; run them right through boot camp and train them as light Rangers, our way in our territory the whole way.

Q: So you told Haig it looked like a good idea.

BUSHNELL: I liked the idea. It solved the Vietnam comparison problem; it kept down the number of American military in El Salvador exposed to hostile action; and it seemed a promising way to change both the tactics and human rights mind-set of the Salvadoran units. At the working level in Defense their was great opposition. I don't to this day know how Haig sold the idea, perhaps he just got the President's approval. The next thing I knew, about a day later, I got a call from a colonel that I'd been working with over the past couple of years in ISA (International Security Affairs) in the Defense Department, and he said, “John, it's really hit the fan now.” I said, “What's happened now?” He said, “You won't believe the order I've got here. I'm instructed to start bringing up full regiments, full regiments, from El Salvador to Benning to train. Where the hell am I going to get money for that? What is this?” I asked, “Who do you have that order from?” He said, “From the Secretary of Defense.” I said, “It sounds to me like it's your problem; I like the idea. What are you calling me for?” He said, “You had something to do with this.” I said, “Well, it's the best way to train them.” He said, “Of course, it's the best way to train them. It's just how to pay for it.” I said, “You've got lots of people that are expert in the financial things over there. Get them to find a way.” And it was done over the next many months, but with smaller and fewer units than initially ordered. Nevertheless, the Salvadoran army was fairly small, and this expansion and training made a gigantic difference in its ability to carry the battle to the guerrillas.

But the decision to go all-out in building the Salvadoran army was just the first round. February and March were unbelievably busy in ARA. El Salvador and US Salvador policy were the top issues for the White House, for the press, for the Congress, and with a majority of major countries around the world. ARA had to prepare talking points and position papers practically 24 hours a day. I had to dart from one audience to another. The Congress was back in, and every committee wanted testimony on El Salvador. I'd go up to testify, and the Committee room would be practically filled with television cameras and lights, terribly hot even in February. In committees where three or four members would be a big attendance in normal times, the whole committee would be there. I must

have testified on El Salvador more than a half a dozen times between the House and the Senate. Although few members were against a major effort to help El Salvador, many had some particular policy they wanted to press. Some wanted to make policy. They kept pressing me, particularly in the Senate, to make various sorts of commitments or give assurances. Senator Chris Dodd and others were pressing for negotiations with the guerrillas. “Settle it,” he would say. I would agree that negotiations might be possible at some future time, but there was no indication either side wanted to negotiate then.

Quite a few Senators and Representatives were concerned that we would go down the Vietnam trail by putting more and more American military in El Salvador. “You won't put more than a hundred military in the country, 50 military in the country.” I said, “Fifty, that's not very many.” “It's a small country. Cap it at a low number. Then we can go along with all this.” Finally in March I talked with my military colleagues, and I talked with Haig about a cap on American military. We were not planning to put in very many, and it was obvious to me that a low cap would buy a lot of Congressional and public support because it would give full assurance that El Salvador would not become another Vietnam. We decided to agree to a cap. Our military argued that a cap would tie one hand behind their back. I said, “Run the in-country training on a TDY basis out of Panama. So your trainers go in and train the whole time they're there. For their rest and relaxation, their weekends and whatever else, they go back to Panama. Just run a shuttle so you can have 400 or 500 soldiers working, and at any one moment you control it so you don't have more than 120 or whatever in country. Also run the shuttle for Salvadoran officers and men who can do some of their training in Panama.” The CINC (Regional Commander of all US forces) in Panama was in favor of it, perhaps because it put him fully in charge of the operation.

There were a lot of problems with the counting rules. Would the attach#s be included? Would the expanded Marine detachment at the Embassy be included? I tried to sell a fairly high number, about 200, including all these military categories because every military member in country, and civilians too for that matter, was at risk including those that are usual members of most embassy staffs. Then I couldn't sell 200 on the Hill. I couldn't get

Dodd and company to agree to 200, and we finally accepted a very low limit of something like 60, which was quite constraining although it didn't count the Embassy Marines. But the military were imaginative in making maximum use of our Panama bases and training in the States, and the only time I remember the cap being a problem was when we wanted to provide some emergency medical assistance after a guerrilla attack and could not because we did not have room under the cap.

The more I learned about the Salvador war the more I saw it was really an extremely dirty war. In the U.S. there was a lot of publicity about the dirty tactics of the government forces. Some of this was true; the killing of the American nuns is a case in point. Some was blaming ORDEN violence on the government even though the government was trying to stop it. But those opposed to the war for whatever reason played up these excesses as a reason for the U.S. denying support to the entire government. Since it was not possible to defend many actions of the military and ORDEN, I tried to balance the criticism of the government by pointing out the excesses of the guerrillas which were as bad or worse. For example, one of the guerrillas' tactics, which is a tactic the Cubans have used in a number of countries, is to set up a slaughter of young teenagers. A corps of the guerrillas would go into a village or area and give rifles to all the boys, and sometimes girls too, who were 12, 13, 14, 15. They didn't give them much training or supplies. When the Salvadoran forces came, they would put these kids out on the road to stop them. The kids would think, of course, that they were going to have back-up from the main guerrilla force. But the main guerrilla group, that had organized the kids into the front-lines, would then disappear.

What would happen? The military would come down the road; they'd come under fire from these kids, not very accurate fire most of the time. They'd force the kids to retreat; they'd kill some of them; many of the others would run home, because they lived right there and they were kids. There they would be in the house, and they'd have the rifle. The military would come in and find the kid and the rifle so they'd probably blow away everybody in the house. After all, that kid ten minutes before was shooting at them. You can't condone that behavior, but you can understand that behavior a little better. That's sort of a natural

reaction, and it's the reaction which in fact the insurgents were trying to promote. Quickly the story of the massacre of the teens is given to the foreign press; a foreign reporter may even visit the village. Those in the village omit the part about the kids being given rifles and just talk about the killing of the kids and the villagers. Most reporters would never think to ask if the kids had been fighting the military.

We had one case which is almost unbelievable, but I had the Embassy do a lot of checking to assure that the facts are correct. There was one point wherweeks after January 20tthe Salvadoran forces raided a guerrilla safe house in the capital, San Salvador. As one might expect, once someone in the house fired on them, they practically blew the place apart. Some women and children were killed. A couple of people that came running out, maybe with their hands up, they shot down, and the television crews got all this on tape. When I saw this footagit was played frequently on US televisioI said to our Central American officers, “What I can't understand is how did that television crew get that footage? Why were they in that spot at that time of night? Is the Salvadoran military so dumb that, when they go to take out a safe house, they call up the television people to come and watch them?” One of ARA's Central American officers got the Embassy to investigate. An FSO went to the television people and said, “Why were you there?” They had gotten an anonymous telephone call that there was a safe house at this address that was going to be attacked. They got over there with their cameras to get some good stuff. Then the Embassy checked with the military and police. They were very surprised when they got there and found the cameras. In fact they thought the press had probably denied them the advantage of surprise which was one reason they opened fire at the first sign of resistance. How did the military identify the safe house? Was this something they had been working on for six months, and they finally identified it? No, they too got an anonymous call that there was a safe house at that address.

What had happened? Despite Castro's and the Cubans' efforts, there was always strong disagreement and bad blood among the several insurgent groups. More than one guerrilla leader had been executed by a rival guerrilla group, including one senior leader killed in

Nicaragua. One insurgent group had decided to sell out another group and in the process get some bloody publicity in the U.S. that might stop US assistance. They identified the safe house to both the television crews and the military. That's the sort of dirty war being fought by the far left, even with their supposed allies being killed. Most of the insurgent leaders and their Cuban helpers understood that the Salvador struggle was as much a propaganda war as a fighting war. They believed the war in El Salvador would be decided in the United States, not in El Salvador, because they thought they could beat the Salvadoran government and oligarchy only if the U.S. withdrew its support as it had from Somoza in Nicaragua. The insurgents and their worldwide friends were much better at the propaganda war than we were. They were masters at using the press and the Church. Thus it was very difficult to get across to the American people a picture of how dirty the war was on both sides. Many Americans thought stories such as these were just propaganda the State Department was putting out.

Q: What ultimately happened in El Salvador, as of the time you left ARA and then subsequently?

BUSHNELL: Our program of building up the military and changing its tactics was largely successful, and most of the military cleaned up their human rights performance. ORDEN was, I believe, disbanded, although for some time many of these thugs continued acting independently. The soldiers that had killed the nuns were tried and sent to jail, but not the officers who covered up after the fact. The land reform was modified somewhat, but a lot of land was redistributed. There were national as well as local elections, and the Christian Democrats with Duarte won. The war continued for several years, but, as the government got stronger and the insurgents weaker, there were eventually negotiations to end the war with the insurgents' political party becoming a significant political force even winning local elections. After Duarte's term the Right has won all national elections; the Salvadorian people proved to be more conservative than I, at least, had imagined. The economy recovered; free market policies were adopted; the more than a million Salvadorians who had moved, mainly illegally, to the States during the violence send home billions of dollars

that help the economy. In short El Salvador became a model success story for US military and economic assistance.

I spent the second half of 1981 and the first half of 1982 fighting the propaganda war in the United States, and that is another interesting story. First I might fill in a few more details. White was the only ambassador I ever personally recalled. I think it was still January when White was quoted in the Post and the New York Times saying some things negative about the policies of the new Administration. Haig called me and said, “Bushy, we've got to do something about that asshole in Salvador.” I asked, “What do you want me to do?” He said, “Well, I don't know. I don't want to go to the personnel people on this. Call him up for consultations. Get him out of there.” I called Bob and told him to come up on consultations. He said, “I'll come in a couple of weeks or so.” I said, “No, I need you here day after tomorrow.” He came fairly quickly. He knew he was out of there. I think he had one meeting with Haig, which I was not at. I heard a story that Haig offered to make him ambassador in Iceland, which I thought was fairly generous. He didn't want that. He wanted Finland or something, and he was told no. He sat around for a short time and retired. Then he went on the speaking circuit in opposition to the Administration's policy in El Salvador and Central America. Over the next 18 months I was several times invited to debate him, but I always declined. I thought such a debate would be not very decorous.

During February and March 1981, I spent a lot of time on TV. I did all three morning network shows, ABC, NBC, CBS, at least once and the McNeil-Lehrer evening show three times. There was a real feeding frenzy in the press. The press saw El Salvador and Central America as the big Reagan policy initiative, a big story. Haig, the NSC, and the President wanted to make this the big story. They were proud of what we were doing. Fairly quickly the assessment of all of us was that we could do this, we would be successful in stopping the communists in Central America. Thus we wanted to play this situation up. We were not totally stupid in the propaganda war; we knew that to the extent the guerrillas saw the U.S. was fully committed they would know their cause was hopeless. Moreover, our efforts and commitment in Central America would send a message to

Castro, to the Russians, and to other countries facing communist insurgents around the world.

One of the nicest compliments I ever got from a President was after one of the morning TV shows. I had to get to the studio by 6:30 AM to go on about 7:15 and answer questions on El Salvador. I was on for a long time, probably 20 or 25 minutes, interrupted by the usual commercials, and was able to tell some of these stories about how both sides fought dirty and how the moderates in El Salvador were bringing about reforms which changed the lives of many people for the better. I also went into details on our military training, particular that planned for Georgia. I tried to use examples that would make the situation real for the listeners.

Q: Do you remember who interviewed you?

BUSHNELL: I don't remember now in this particular case. Sometimes it was the anchor. Usually the anchor is in New York, and I don't like to do interviews by remote. I would request a local interviewer. My press people knew that's what I preferred. I liked McNeil-Lehrer as they're here in Washington. Soon after I got to the office after the interview, the spokesman for the Department called me and said, “John, I haven't got the tape yet. I don't know what you said on ABC or whatever this morning, but the President saw it and he's ecstatic. The President's raising all kinds of hell in the White House because no one gives him talking points like you had. He wants your talking points NOW.” I almost never had the ARA staff prepare talking points for me; they were busy enough preparing talking points, memos, and letters for everyone outside ARA. I reviewed most of these papers before they went to the 7th floor so I was well briefed. Also I probably was at more intelligence briefings than anyone else in ARA. I worked with the country officers to gear up a few pages along the lines of what I had said to send over to the White House. I think they already had a tape anyway. After that I tried to package some human interest type stories on El Salvador and sent them to the President. But I don't recall being aware that he used them.

The first months of the Reagan Administration I was very busy just dealing with El Salvador. Of course, I also had to deal with all the other things that were going on in Latin America. At one point I got in trouble for diverting attention from El Salvador. The press that covers the State Department was continually asking for me to have a press conference or to do interviews with one or a small group. I did quite a few press conferences on El Salvador, but I did not have time for individual interviews. After three or four weeks I didn't have anything new to say to the press on El Salvador. Finally, I said to ARA's press person, Jeff Biggs, that I didn't have anything new to say about El Salvador and Nicaragua but there were other things going on in the hemisphere if somebody wanted to have a press conference on subjects other than Central America. That was a mistake. I should have known the press would make Central America the story no matter what I talked about. If I said nothing about Central America, then I would be hiding something or trying to downplay Central America. I figured they would get some Central America questions in. We had some interesting things we were doing in Chile and with Jamaica and other countries. I opened the short press conference by saying we'd had a lot of press conferences on Central America but there were also other things going on and this conference would focus on them. The next day the story in the Post, maybe also the New York Times and elsewhere, was that Bushnell says there's too much attention on Central America. I had hardly gotten in my office about eight o'clock that morning when Dave Gergen was on the phone from the White House. “Bushnell, what the hell are you doing? We want the attention on Central America.” I said, “I didn't say there was too much attention on Central America.” But I can see why saying there is not enough attention on other things led the press, which finds it hard to walk and chew gum at the same time, to write that story.

I was fortunate during these busy months that we had many experienced foreign service officers in ARA. DAS Jim Cheek was there to help on Central America until he was replaced by Ted Briggs; DAS Sam Eaton had come to do South America; the Country Directors were all experienced and none rotated out until summer. Thus, although I

didn't have an Assistant Secretary, the rest of the staff was experienced. Fortunately administrations don't change in the summer when many FSOs are in flux.

Q: How about Nicaragua? The real problems were in Nicaragua a few years later. Was some of that beginning during this time?

BUSHNELL: The big policy issue in the first Reagan months after we put in train the programs to support El Salvador was what we should do on Nicaragua. Should we stop the AID program on the basis that the Sandinistas supported terrorism in El Salvador? Once we saw the extent of the all-out offensivand, of course, once we got this intelligence gold mine I mentioneit was clear the Nicaraguan government had given major support to the Salvador guerrillas. The question was had they stopped and stayed stopped after Jim Cheek's fall visit. As of the end of January, before our intelligence gold mine, the evidence was contradictory. Our intelligence was woefully weak. Most of us felt, certainly I felt, that the Sandinistas had helped with the all-out offensive. The guerrilla radio station which was key to their hopes for major popular support was in Nicaragua. It even appeared to me that a lot of the guerrilla main forces had gone back into Nicaragua when the offensive failed. On the other hand the Sandinistas were still telling Ambassador Pezzullo in Managua that they were not helping. The new Administration seemed to feel Nicaragua was definitively communist, but I still had some hope that, seeing a strong anti-communist Administration, the Sandinistas would decide to cooperate with us and seek some light between themselves and the Cubans and Soviets.

I tried to buy some time and some flexibility. The AID mission director from Managua was in Washington in January or early February, and I worked out a scheme with him such that we would not disburse any significant AID money. When requests for money would come in, the AID mission would ask for more documents and more justification. These delays would appear to be just the normal bureaucratic AID process. But such stalling would buy a few weeks without making a decision to stop aid while not actually disbursing the aid. Then, if we decided to go ahead, we'd disburse a lot at once. If we decided not

to go ahead, that money wouldn't be lost. I didn't want the new Administration to make a decision precipitously which would be seen in Latin America and elsewhere as just Reagan's anti-communist bias. If we cut off aid later, we would have built the case that we had no choice because of the law's terrorism provision and the actions of the Sandinistas.

I also tried, with much help from Haig and INR, to improve our intelligence on what the Nicaraguans were doing. The Agency and other intelligence collectors were very heavily tasked. You say Casey said he was very impacted by Central America. Certainly, in that first six weeks between Haig and me, and I think Dick Allen too, an awful lot of requirements were put on the Agency, and it was not well positioned to handle Central American taskings. I'm sure this weakness was frustrating for the new Director. Central American intelligence was what his President and his gang wanted, and Casey's agency couldn't produce it. So I suspect, although I did not hear many complaints, that he rattled around a good deal. I know Bob Inman was very frustrated with the lack of raw intelligence, and he quickly broke a lot of bureaucratic crockery. Central America got a top priority on many collection platforms. The embarrassment of the intelligence agencies was only compounded by the Glassman intelligence gold mine which we declassified and used as the basis of a State Department White Paper giving major support to the President's policy.

Q: Aside from the question of intelligence, to the best of your knowledge, were steps taken during that period toward organizing the contras as an anti-Sandinista force during those early months of '81?

BUSHNELL: None during the first months.

Q: Actually there was some covert war during the Carter period.

BUSHNELL: I don't think there was any covert war during the Carter Administration or even early in the Reagan Administration, at least not with US involvement. There was some violent opposition to the Sandinistas. Even before the Sandinistas began

executing former National Guard members, many got to the hills and jungles and defended themselves. Some property owners whose holding were confiscated also went to the hills or supported those who did. Some soldiers and others who had escaped into Honduras appear to have made aggressive visits back to Nicaragua. Such opposition really started right after the takeover in July of 1979. Many of the rural indigenous people along the Atlantic coast traditionally resisted central government interference, and they resisted the Sandinistas as they had Somoza. Then there was the Argentine connection. When the Montoneros were defeated in Argentina by the military in 1976 and 1977, the Montonero leadership went to Havana with their money. They had, it's estimated, something between 80 and 100 million dollars that they had gotten mainly from kidnappings. While they were in Havana, the Argentine military continued to consider them as their enemy. These were the people that had killed their colleagues and tried to kill them. But there wasn't much the Argentine military could do about them in Cuba. The Argentine military learned, I think in June of 1979, that the Montoneros had joined the Sandinistas in Nicaragua. The lights went on in Argentine military heads. Now the Montoneros had put themselves in a place where the Argentines might get at them. The Argentine military began virtually with the fall of Somozthey may even have tried to work with Somoza beforto find a way to attack their blood enemies, the Montoneros.

After the fall of Somoza, the Montoneros, stupidly in my view, actually set up a base and controlled the Managua airport. They had their building there and were quite visible. This was certainly a challenge to the Argentine military and intelligence services. The Argentines moved quickly to establish operations, mainly in Honduras. They began to recruit Nicaraguans who were against the Sandinistas in an effort to get the Montoneros. Of course, many of the Nicaraguans had other agenda, but it made a marriage of convenience as the Argentines began organizing their covert operation. I don't think the Argentines had the intention or capability to support a full-scale war. They hoped to organize attacks on the Montoneros. They didn't really care about the Sandinistas. There were a few shooting confrontations in the course of 1980 and the first part of 1981. I've

never seen any US intelligence that defines the Argentine operations; the Argentines told me they ran quite a big operation, but they probably exaggerated.

After January 20th of 1981, my primary interest was getting better intelligence on the Nicaraguan role with the Salvador guerrillas. ARA was responsible for complying with the Central American Assistance Act that provided assistance could not go to a government which was supporting terrorism. Of course, we were also interested in what was happening in Nicaragua itself, especially the growing role of the Soviets and Cubans. Some of the intelligence, once we got it, was fairly explosive. We got aerial photography of military camps in Nicaragua which were identical to the standard military camp in Cuba. The measurements were the same, the buildings were the same, everything was the same. The camps in Cuba were used to train the Cuban military. Identical camps were built for the Cubans and Nicaraguans in Nicaragua, and we were able to identify a couple of these camps, including camps for training in parachute jumping, mind you, being used by the Salvadoran guerrillas. But it took us some weeks to get this sort of stuff and get it analyzed by the experts. On the ground we didn't have much at all. Our intelligence resources in Nicaragua were extremely limited. The Agency began to go all out to get intelligence resources. Of course, there's a fine line between intelligence gathering and covert operations. You might recruit a person to get intelligence, but then he'd like a gun. Do you give him a gun? If he's giving you good intelligence, you probably do. But I don't think that, in the early part of 1981, in any significant part of the Agency there was a glint in their eyes of going where they subsequently went. They were far behind the eight-ball and had far to go to get some intelligence resources. They weren't thinking far down the road.

Q: Casey was certainly pushing them. Probably in Casey's mind it was all part of the same package.

BUSHNELL: Casey was being pushed by the President, by Haig, and by others.

Q: Did you know Dewey Clarridge?

BUSHNELL: I knew him, yes.

Q: Did you have any impression of what he was doing?

BUSHNELL: Dewey was not in charge of the Latin American Division while I was running ARA. Nestor Sanchez, a 30-year veteran, was there until about mid-1981; Nestor then retired and became a DAS at Defense.

Q: Allen Fires?

BUSHNELL: Yes, I knew him. I knew most of the senior people there at that time. I had a once-a-week intelligence meeting with of the senior Latin American hands in my office. I had attended the Assistant Secretary's similar meetings most of the time for three years. Probably in May Tom Enders began to sit in, and in June he took that over as an internal meeting even before he was confirmed. I went to meetings; I knew what was going on, but I was phasing out. It was only about May or June that the Agency was beginning to get some good assets, but these assets were certainly intelligence focused, not covert action focused. Although it was obvious and anybody could have raised it, early in 1981 I suggested that Miami was increasingly full of Nicaraguan exiles and, of course, the Agency still had a major Cuba-focused station there. The Nicaraguans in Miami wanted to go back to a non-Sandinista Nicaragua, and their interest was, therefore, different from just gathering intelligence. When you get in bed with them, things can progress in more than one direction. I don't know much about intelligence operations after July 1981.

Q: Obviously Cuba was a special concern for the new Reagan Administration, especially since, as you say, Castro was actively supporting revolution in other parts of Latin America. But Haig is said to have thought that something should be done to get rid of Castro. Do you think that was his plan?

BUSHNELL: I think we all would have liked to have gotten rid of Castro. Carter would have liked to have gotten rid of Castro too.

Q: Everyone wants to get rid of Saddam Hussein.

BUSHNELL: Very early in the Reagan Administratioprobably in January or the first week of FebruarHaig called and said, “John, there's a meeting in the White House. You have to represent me. It's about Cuba.” I said, “What's my guidance?” He said, “Use your head,” or something like that. I didn't have any real guidance. I went to the White House situation room and found Ed Meese (White House Counselor), James Baker (Chief of Staff) and Michael Deaver (Chief Assistant to the President), the three closest advisors of the President, sitting on one side of the table. Dick Allen chaired, as much as he could chair with these three heavy hitters dominating the meeting. There were a couple of three-star officers from the Pentagon but no Defense civilian. A couple of people from the Agency I did not know were sitting in the chairs behind the table. I had no idea what this was about so at first I just listened. There was a lot of talk among the three advisors and Allen about the need for early Administration successes. Then I think it was Deaver who said, “When do we attack Havana?” I was startled. What kind of a question was this? Someone said, “We need something big to start this administration off. We need some success in our first weeks.”

Q: He was always image oriented, and sometimes he drank a little too much.

BUSHNELL: I didn't have the impression he'd been drinking, and Meese and Baker seemed to be supporting his idea. Anyway, the subject of the meeting seemed to be finding a way to get Castro out quickly. I don't remember just who said what now, and I don't want to put words in anybody's mouth because I'm not sure. Baker was in and out of the meeting. Somebody said, “You know, just send the 82nd Airborne down there and get it done with.” I looked at my military colleagues because I thought they're put the quietus on this and I wouldn't have to say anything. They sort of pussyfooted around. I

think they were as confused and lacking guidance as I was. The intelligence people said nothing. As the debate seemed to be how soon we would attack and how the President would announce it, I finally said we needed an intelligence assessment of what it would take because the Cubans have been training and preparing defenses against such an attack for years. The intelligence people said, “That's not our business. That's the military's business.” The military guys said they would need time to get a careful assessment prepared and they were not well briefed on Cuba, but Cuba had major fighting forces. Finally Allen said, “What does the State Department think?” I said, “I've been watching Cuba for two decades, and I've been involved in the Dominican Republic and Vietnam with the 82nd, and I think, if you just send the 82nd Airborne down there, none of them will be coming back. It would take a much larger force attacking from several points with all-out air and sea support, and we should expect many KIA (killed in action).”

“Oh, you State guys are afraid of your own shadow,” someone said. I said, “I'm not going. The State Department's not going, but I'm just telling you that Castro's got a significant military establishment. Look what they've been doing all over Africa. And most of those Cubans we've gotten to go home now, and they're sitting there with their weapons waiting for us.” That thought sort of woke them up. The military officers said clearly a large military operation would be required with many months of planning. One of the intelligence observers even ventured that Castro still had a lot of popular support. Then the conversation drifted around. Dick Allen didn't take it anywhere or make any summing up or assignments. I went back to State, asked to see Haig alone, and told him what happened. He shook his head and said, “Now you see what I have to put up with all the time. Just forget about the meeting.” Of course, his relationship with those three guys at the White House was going downhill fast, although I did not know it at the time.

Q: Why do you think Haig didn't last long?

BUSHNELL: I don't know. Haig started with an attempt to establish procedures that would place State and himself clearly in charge of foreign policy. He prepared a paper on this

organization in December and pushed it beginning January 20. He knew from personal experience how disruptive bureaucratic battles among State, the NSC, Defense, and sometimes the Agency could be. My impression was that Dick Allen was prepared to go along with Haig's proposals, but the three senior presidential advisors probably saw Haig as a competitor to the President and to them and shot it down. Just what transpired I don't know. However, Baker developed a reputation for getting rid of anyone he thought was a threat. I don't know why Haig was selected, but I think Haig was selected by the President himself. I don't think he was selected by this group the President later had around him. They didn't like Haig being number one in foreign policy. The President was number-one in foreign policy, but of course the President did not spend a lot of time on foreign policy. Haig's disdain for the advisors was clear, and they knew so little about foreign policy that they seemed to be meddling. I think Haig did not want the job if he was constantly being second-guessed by the White House.

Q: He never seemed to grab a hold at all.

BUSHNELL: He tried at the beginning to grab the whole ball of wax. Opposition to that seemed to be followed by a lot of second guessing, although I never experienced that second guessing on Central America where I would say Haig certainly grabbed a hold. There's one other story from the first week or so of the Administration that illustrates the problem. What a week! The first official visitor was the Prime Minister of Jamaica, Edwin Seaga.

Q: Oh, yes, I was going to ask about that. That got a lot of attention.

BUSHNELL: Seaga was more conservative than most Jamaican politicians, but he had won an election at almost the same time as President Reagan, ending a long run of leftish rule. He stood for a movement to the right and free markets and many of the same things as the President. I mentioned earlier that after the election with little effort I managed to get an extra 50 million dollars slipped into the AID budget for Jamaica on a bipartisan

basis during the interregnum. It's one of those things you can do in an interregnum if both administrations are in favor of it. At any rate, the transition group or somebody — I don't know who or when — invited Seaga as the first official visitor to the new Administration. Normally State bureaus agonize over which couple heads of state they should recommend be invited for official or state visits each year; then the lists are consolidated on the 7th floor, and the recommendations are made to the NSC and the President. None of this had happened yet in the Reagan Administration. Maybe this was Deaver's idea for good public relations, which it was. I was just told that he was coming, and we made the usual arrangements for an official visitor including Blair House, having our Ambassador come to Washington, and preparing the usual briefing papers for the White House and other principals.

Since I was the Acting Assistant Secretary, I had to make a lot of the arrangements and negotiate with the Jamaicans and the new White House. The visit was to follow the usual pattern. First we would have a big meeting in the White House and everyone from both sides would be together. Then, after introductory remarks by the President and the Prime Minister, everybody else would adjourn and leave the President, the Secretary of State, the Prime Minister, and his Foreign Minister, just the four of them. We didn't even have to have an interpreter in this case. There would be side meetings for the rest of the visiting delegation with their US counterparts in other rooms. Later everyone would get together again, and the people from the side meetings could report to the principals, perhaps some press guidance would be agreed. Then the spouses would join, and everyone would go to the official lunch which would also include a lot of interested American private citizens. The Jamaicans objected to this proposal because the Foreign Minister and the Prime Minister were so new they didn't know a lot of the issues. They wanted to have their finance minister and another couple of people in the meeting with the President. I had to say no, this is the way it's going to be. I pointed out that our principals were even newer, but the working level Jamaicans were annoyed.

Imagine how embarrassed personally I was, when all the American got up to leave except the President and Haig and Meese, Baker and Deaver. The three advisors showed no indication of moving. I said something to Haig sort of out loud about it being time for the private meeting. One of them, Baker I think, said, “No, the President needs our support.” After I had not let the Jamaicans have even one more person, our side has three more in the meeting despite what the NSC had insisted on a few days before. I apologized to the Jamaican ambassador with whom I'd been dealing and later to Seaga who was very understanding, saying he did not mind more window dressing. Haig was mad as hell because he knew what the story was, but he couldn't do anything about it.

Q: Was there a big formal dinner that night at the White House.

BUSHNELL: No, formal dinners are usually associated only with state visits. This was an official visit so the White House entertainment was a lunch. That night there was a reception at the State Department hosted by the Secretary, which the President did not attend. Actually the social events of this visit were quite an unusual experience for me and my wife. Usually for official visits it falls to the Assistant Secretary to be the senior person meeting the guests at the airport and escorting the party to Blair House unless they are so important that the Secretary himself would go out. There was no issue on this until a couple days before when the White House decided to have its get-acquainted reception for ambassadors accredited in Washington at the White House the same evening the Seagas were arriving. My secretary got word from the 7th floor that my wife and I were expected to attend. This seemed manageable although we would be a little late by the time we had taken the Seagas to Blair House. Then we heard the Reagans had decided to bring style and dignity back to the White Housa reaction to Carter's jeans; thus the diplomatic reception was not to be black tie but white tie. I had to have my wife dig out my white tie outfit which I had not worn for years. She had to buy a new shirt; the old one didn't fit. The pants didn't fit very well either, but I managed. In those first days of the Administration with

the Central American crisis in full swing, I seldom got home before 10 PM and raced from one thing to the next all day. Thus I was very dependent on my wife for logistical support.

The Seagas were arriving on the evening of the day, January 27, the hostages arrived in Washington from Iran with all the excitement and celebration in Washington. Ann had to make her way through the traffic to the State Department to pick me up after I changed into white tie in my office. We drove to National airport and parked her car. Fortunately, it was winter so I could wear my rain coat over my tails, although the bottoms of the tails were still visible. We linked up with the secret service and protocol people, who escorted us to the gate so we could go into the plane and welcome the Seagas. The secret service then scurried us through the airport using various side corridors, with my coat and tails flapping, to the limousines. We drove in to Blair House with our police escort through the crowds.

I was in the first car with Prime Minister Seaga, whom I'd never met before; he was very pleasant and thought it was a good joke that I had worn tails to greet him. He said he was going to get on his ambassador for not advising him so he could have been dressed too. In the second car Ann, my wife, was with Mrs. Seaga, who had been Miss Jamaica at one point, and our ambassador in Jamaica. Ann tried to break the ice as the cars came around the Lincoln Monument which was fully lighted, with even extra spotlights, for the first time since the hostage taking. She said, “Look over there. Look at how they have that all specially lit up and those fireworks going off. That's all for you.” Well, that broke the ice between the two of them, and they got along great over the next few days. In fact, the Seaga visit was quite a unique experience for Ann, because the next day Mrs. Reagan invited the wives to have tea and tour the White House with her while the meI guess the professionals and the spouses would be a better way to put iwere having their meetings. Ann got to go with Mrs. Haig, Mrs. Allen, Mrs. Bush, and Mrs. Reagan and two or three Jamaicans on a tour of the White House conducted by the White House ushers. It was

Mrs. Reagan's first tour of most of the White House so she had a number of questions, and the ushers were at their very best. It was a nice experience for Ann.

Q: We only have a few seconds on this cassette. Is there anything more about Seaga, in a few seconds?

BUSHNELL: The difficulty with the visit, aside from these procedural challenges, was that Seaga was really interested in getting more economic support, particularly in the trade area, and the new Administration had not even begun to address trade issues. Everybody on the US side was so new and really unbriefed by their staffs that I've seldom been so frustrated. We met with the special trade representative, but he didn't know anything yet, so we couldn't really get anything done. The best I could get agreed was that trade issues would be addressed and various departments would send people to Jamaica soon to determine what measures would be most helpful.

Q: This is Wednesday, January 26th, 1998. John, we were talking about Seaga's visit at the conclusion of our last session. I had lunch the other day with Rob Warren, who specifically commented on how much he enjoyed working with you personally in connection with the Seaga visit in particular. Do you want to continue the comments when we ran out of tape and pick up something about Rob?

BUSHNELL: Rob was the Country Director for the Caribbean countries. He was the key action person for all the preparations and arrangements for the visit. He worked closely with the Jamaican embassy and our embassy in Kingston. Actually, a new Jamaican ambassador had just recently arrived; he was an experience career diplomat chosen by Seaga for the most important embassy, Ambassador Johnson. In fact, we had to jump him ahead of some other ambassadors in presenting his credentials so he could participate officially in the visit. Warren did a very good job with a difficult portfolio. His job was doubly difficult because the Caribbean area consists of a lot of small countries with small populations but each of these countries has its own government, its idiosyncrasies,

and its pride in being just as much a country as Costa Rica or Colombia and because the usual State staffing is to assign as country officers for Caribbean countries quite junior officers who have had no previous experience in Washington. Thus the office director and his deputy had to give a lot of supervision to the inexperienced desk officers in managing this plethora of countries, and Rob did that well, developing a high-quality staff, a couple of whom have even gone on to be ambassadors.

Q: Also, before we resume our discussion of ARA during the Reagan period, could we flash back briefly to El Salvador? I had forgotten that Frank Devine was our ambassador to El Salvador for some three years before he was replaced by Bob White. I ran across this fascinating book he wrote about that period. Would you have any particular comments about what was happening in El Salvador while Frank was ambassador there?

BUSHNELL: Frank was in El Salvador on October 15, 1979 when the more moderate, middle-grade army officers overthrew General Romero. However, I don't have any actual recollection of Frank in connection with the coup. I recall his reporting on several conversations he had with the new leaders in which they indicated they wanted to improve human rights and place the country on another course. I have the impression that, as the security situation deteriorated soon after the coup, he was quite eager to leave the post even though White had not yet been confirmed.

Q: He left in January of 1980.

BUSHNELL: His tour was largely during the period of President Romero, who was a traditional military strongman serving the interests of the oligarchy and the military institution. We didn't have good communication with him, at least by the time I got to ARA, because the human rights people had been saying so many bad things about the Romero government. Such comments were deserved, but an ambassador can hardly have a good relationship with a government if Washington is continually bad-mouthing it. Frank was in a difficult position with the deteriorating security situation even before the

couwe'd talked earlier about businessmen being kidnapped. He correctly saw the embassy as being as much a target for the right as of the lefsort of a target for everybody. I was somewhat relaxed on security of the embassy because we had a relatively new building constructed with security in mind. However, at one point in 1979 there was a real attack on the embassy. He was there then because I recall he authorized the Marines to use tear gas.

Q: Right. It was October of 1979.

BUSHNELL: I don't remember any involvement I had at the moment of the attack, which occurred during the daytime. It started as a big demonstration in the same area as the embassy, but the leftish leaders then turned the crowd on the embassy and tried to invade it. Eventually they had big battering rams trying to knock down the gates and then the front door. The Marines fired tear gas. In fact, they exhausted their supply of the newer tear gas which we used at that time. But the Embassy still had some earlier-version tear gas, which was mixed with a substance which makes people sick to their stomach. It's not lethal, but it's much more effective in stopping people rushing with battering rams. They'll put cloth over their eyes and noses, and they'll go through the newer tear gas and put up with smarting eyes. But once they get sick to their stomach and start throwing up, the Latin macho image is destroyed, and they badly want to be somewhere else. The Marines used the older stomach-added tear gas only because they had used up all their supply of the newer tear gas. That old gas stopped the attempt to get into the embassy. As I recall, nobody was killed. Some people may have been hurt. I don't remember any Americans being hurt. Certainly a lot of people had sore eyes and stomachs. With this sort of violence it's certainly not unusual to have some minor injuries.

I was pleased and thought Frank, the Marines, and the Embassy building had done very well. When the embassy in Iran was taken a couple weeks later, I was even more thankful that old, more effective tear gas had still been in the embassy, even if some GSO (General Services Officer) had fouled up and not destroyed it or shipped it home. However, some

in the State Department were not pleased with the use of the old tear gas, especially Patt Derian. This became a major issue in Washington with various human rights groups attacking the State Department and the embassy in El Salvador for using this old tear gas which was no longer regulation and, in their view, putting the Salvadoran attackers at risk. The old stomach gas had been given up because tests showed it could do permanent damage to some people in large doses. I felt strongly on this tear gas issue and led the defense of the embassy. At one point after the Iran hostage-taking I even proposed that all embassies should have gas with the stomach agent that they could use if the newer gas was not accomplishing its purpose. I thought it was quite likely, judging from the after-action reports that I heard from various sources including from Salvadorans, that, if the attackers would have gotten inside the embassy, people would have been killed and the embassy would have been burned. The Marines might well have had to resort to using their guns, definitely lethal weapons, rather than this gas.

There were several meetings, including one with Deputy Secretary Christopher, on this tear gas subject. There were divergent medical opinions as to whether this older gas with the stomach agent in fact did any permanent health damage to otherwise healthy persons. Apparently it could theoretically do some permanent health damage. The doctors who argued this gas was dangerous, when I questioned them, tended to think the tear gas that just affects the eyes can also do permanent damage at least to the eyes. Another issue was whether or not the embassy should be called on the carpet for not having gotten rid of the old gas. SY (the Diplomatic Security Office) was much more concerned with seeing regulations and instructions enforced than with the satisfactory outcome. For some time I simply refused to clear a nasty cable to the post on this point. I was not successful in getting approval to deploy the stomach gas, even a more advanced version with less permanent effects, and not even to embassies in high-threat situations. Within the Department tear gas was one of those issues that just dragged on without resolution one way or the other as far as I remember. I should have raised it again after the change in Administration, but I was too busy.

Q: After this incident there was stronger security at the embassy residence and the embassy proper than there had been before. Frank telephoned Pete Vaky and asked for more support, and Vaky said, "Yes, we will send you more support." They doubled the size of the Marine Corps contingent, and the military in Panama sent a supply of tear gas to replenish the exhausted stocks, things of that kind.

BUSHNELL: Yes, I was involved in increasing the Marine detachment, but this increase was not without consequences.

Q: A couple of Marines were injured in a very minor way there.

BUSHNELL: Partly because we had more Marines there a couple years later we did have a number of embassy Marines, who were off-duty, killed in an attack on a restaurant bar. Of course this guerrilla attack, which was targeted on our Marines, could have happened even if we didn't have more Marines, but there would have been fewer Marines in the bar. However, it was certainly a justifiable decision to increase the manning of the Marine post. We also moved, at least for a temporary time, the captain who was in charge of the embassy Marines in Central America, who had been based in Panama, to El Salvador. Panama was at that time a low threat area, and it made more sense to have the officer who had more security experience in a high threat place, although I recall having some difficulty getting the Marines to make the move.

Q: Do you think the United States could have done anything more than it did during that period, 1977 to 1979, to exercise a constructive influence on developments in El Salvador that might have forestalled the terrible things that happened later?

BUSHNELL: I spent quite a bit of time in 1978 trying to find a better approach. I didn't think that our approach, essentially just to be more stand-offish and critical of the existing government, was likely to produce change. But we didn't find anything significant that we could do. No one identified any way of convincing the senior military and land-owning

oligarchy that they should share power and open up the political system while doing something about ORDEN in the countryside. These issues were certainly raised on every government-to-government occasion, but there was no way that we could force change. The oligarchy and senior military saw their situation as in their own best interest. I think, with the advantage of hindsight, that, if we had been aware in 1977 and 1978 that Cuba would play as big a role in Central America as it did play in 1979 and later, including with the Salvadorian guerrillas, we might have acted differently. If we had been convincing on the Cuban threat, we might have gone in a sympathetic way to the Salvador oligarchy and military and said, “If you keep on the track you're on, you're setting yourselves up for Castro to pluck Salvador easily. We should work together on a twofold strategy. One, we need to strengthen your counter-insurgent capability, and we'll work with you on that. But only if your also adopt a second track of opening up more to democratic procedures and improved human rights.”

Of course we had no idea what the Cubans were going to do; they certainly did not even know themselves in 1977 that the focus of their activities would be forced to shift from Africa and opportunities would present themselves in Central America. Moreover, it would not have been possible to convince the Carter Administration not to distance in exchange for some movement, but not movement that would have fully satisfied the human rights activists. I frankly doubt if we could have engaged President Romero initially, but we might have been able to engage people around him in the military and in the society. But El Salvador doesn't even border the Caribbean. The Salvadorans thought they would be the last target for the Cubans in Central America, and frankly so did I. The thinking of many Salvadorans changed 180 degrees with the fall of Somoza, the increased role of Cubans in Nicaragua, and the use of Nicaragua by Salvadoran guerrillas. I know of no one in Washington who put the changed situation for El Salvador in perspective in the few months after the Sandinista take-over in July 1979. But many middle-grade Salvadoran officers saw the changed situation, and their assessment of the need for real change sparked the October 1979 coup.

Q: Frank doesn't reflect that theme so much, but he argues in his book that prior to 1977 we might have had more leverage for influencing constructive reform in El Salvador which he felt could be useful, but he seemed to feel that as of the time he arrived there were very limited possibilities.

BUSHNELL: I think that's right. If you go back to the early 1960s, to the beginning of the Alliance for Progress, the need for change in El Salvador was clear. When I was working with Walt Rostow at that time, we looked for the places where land redistribution was very important because of the concentration of ownership of the good land and because there wasn't any frontier land available to an expanding population. El Salvador was at the top of the list because it was a small country that had been virtually completely settled, unlike most of Latin America where there was still a frontier where people could go, chop down the bush, and plant. El Salvador's population was expanding very rapidly, and the concentration of land ownership was unusually great. Land reform was a theme of the Alliance, but the various governments in El Salvador just deflected that thrust while getting us to help with urban problems. We never pushed land reform hard. Land reform was a touchy issue and not well understood in the United States. Perhaps if we had pushed land reform back in that period, history would have been different. However, it would not have been easy to convince the ruling elite of El Salvador to see their future more in owning factories and other things than in coffee plantations and land. In the past two decades they have learned this the hard way. What El Salvador really had was not great agricultural land but cheap labor. As foreigners began to exploit this labor in factories, more Salvadorans became involved, and in the past two decades people who used to have large and rich country properties transferred their capital to businesses and factories in the cities.

Q: Frank complained that, time and again, his embassy had the feeling that its cables to Washington were unheeded and even unread. Of course, that's an endemic of Foreign Service Officers. George Kennan was quite eloquent in making the same complaint many

years ago. Frank says maybe it was just that the traffic to and from Managua was so preoccupying all of Washington that the circuits didn't have room for two crises at a time.

BUSHNELL: I was certainly not the only person reading his cables. In 1978 and 1979 I read any policy recommendations he made. But I frankly don't recall him making any. Moreover, I'm sure the officers on the Central American desk were reading everything he sent. Since I was pressing them hard for ideas, especially in 1978 before Nicaragua became a total crisis, they would have sent any policy ideas from the Embassy to me. I recall at one point having them send a letter to the embassy specifically asking for some out-of-the-box thinking. Yes, we sent a letter to avoid clearing a cable with HA. But I don't recall that we got anything. On administrative issues such as personnel El Salvador was a hard embassy to support, and cables on these subjects might well have been given too little attention; generally I did not become involved unless there was a major problem or conflict. I think Frank pointed out that the shrill rhetoric from Patt Derian and from others about El Salvador was complicating his ability to even dialog with the people in positions of power in the government and the military. I agreed with him, but there was little I could do short of a major policy initiative that would have presented an alternative that we could defend as more likely to make progress. Thus his point may be, “Look, I'm here trying to convince the government to move policy in the direction you want them to go. You're making my job much harder by the public rhetoric and by reducing my staff and by taking away the few carrots that I might have to offer. Nobody has any reason to listen to me, particularly since I don't have a very nice message. So how can I get my job done?" There were more than one or two ambassadors that felt that way. But I have no recollection of any message put that clearly by Divine.

Q: He also complained in the book that, as El Salvador's political problems worsened, the embassy was besieged with high-level visits from Washington which, he said, more often than not were misconstrued by influential Salvadorans, and he thought that, rather than imposing such visits on an embassy, the Department would be well advised to consult with the embassy when they were planning such a visit and try to be a little more restrained

and send the senior people out only when it really seemed warranted, when it seemed something constructive could be done. Do you think that was a legitimate complaint? He said whenever Pete Vaky or Bill Bowdler would come, there would be all kinds of speculation as to what they were saying and doing, and this was quite counterproductive.

BUSHNELL: I don't recall Assistant Secretary Bowdler visiting during Frank's time there. In fact, I seem to recall that when Bowdler went on the nuns' mission, it was his first visit to El Salvador as assistant secretary. Frank left before Bowdler had been in office more than a few months. Bowdler might have had a stop or two in El Salvador earlier while he was on the OAS mission trying to resolve the Nicaragua conflict, but such visits would have been focused on Nicaragua. Vaky may have visited there once, stopped there briefly. . Q: He has quite a detailed description of Vaky's visit.

BUSHNELL: I don't have any recollection of that visit. But the Mark Schneider/Sally Shelton visit was controversial. It was during Todman's time, and he leaned against sending two quite inexperienced people. I must say that I leaned the other way, but I was proven wrong. I thought that counterbalancing their inexperience the visit would be an educative process, that Sally particularly would learn a lot on the ground, that it was important for a person serving as a deputy assistant secretary to visit the countries she was responsible for to get to know the actors and the embassy staff. I thought the trip would help both of them appreciate the problems as the Foreign Service lived them. Since I wasn't finding any good options on El Salvador, I thought such a visit would not do any harm, although I can see how Devine might well have a different view. They went to El Salvador and make public statements against the government; they appeared publicly with human rights groups. The government and the military were furious. I don't know if ARA could have stopped Schneider going even if we had wanted to, but I think that visit on balance was counterproductive. It turned off the government. There was heavy press coverage of their meetings which were essentially with the more extreme of the church people and the more extreme of the opposition. I never really got a very clear feeling of what went on with the government. Probably the government's view of the two

individuals was that their minds were made up and there was no room for constructive discussion. I'm not sure that anybody encouraged the government to make their meetings work. In retrospect the visit was probably structured wrong. Rather than being presented as an official visit, it should have been treated as an orientation visit. Meetings with senior government officials maybe should have been done over lunch at the residence or something like that, a more informal setting.

Q: From what you've said, I assume you don't know about this, but let me ask anyway. Frank learned in December of '79 that he would have to leave sometime soon, which apparently was somewhat unexpected, but he couldn't get a precise date, and this put him in a kind of an awkward position until finally he was told, "Okay, mid-February." But any idea why he was suddenly told that he would have to leave and then why there couldn't be a more definite date earlier?

BUSHNELL: Yes, I recall that situation. The process of getting ambassadors in place is a very complex one in the best of times, and this was not the best of times. There was an outside board of some 15 members that was set up to advise on ambassadorial appointments; the people would fly in from around the country, prominent Democrats with some interest in foreign affairs, and the board would usually meet on Saturday or perhaps Friday and Saturday. Thus potential nominations first had to be vetted in the State Department, then tentatively approved at the White House, and then go to this outside panel. In addition to all those approvals we still had to do updated security clearances, even for career people, and prepare a mountain of paperwork. Then we would seek agreement from the host government. Finally the nomination would be ready to send up to the Hill; then it often would take a long and unpredictable time to get Senate action. In the best of circumstances, there was a substantial lag from the time that the State Department decided on a candidate until that person, even if they were subsequently approved speedily at every step, was ready to go to the country. As I recall Frank had gone to El Salvador in early 1977. I don't know when Frank's notion of his three years was up, but I suppose it was sometime early in 1980. Given the time the ambassadorial

process took, I suppose Bob White was initially approved by the State Department by May or June of 1979.

I do not know if Devine learned of the selection before we asked for the approval of the El Salvador government, but he probably did as a career officer with lots of friends in Washington. Of course, ambassadors often wanted to have a date so they could make their own plans, especially if they were retiring. As the security situation deteriorated after the October 1979 coup, Frank seemed to us to be particularly eager to depart the post. I had numerous conversations with people trying to give him a guess at the date White would be coming. I don't recall having talked with Frank myself, but I had numerous conversations with other ambassadors saying, “When can I be out of here? I've got my child's graduation, my child's wedding. I've got to do something about the lease on my house.” There were usually personal problems. “Tell me, is it going to be February or is it going to be July?” Well, there was no way I could tell them. I couldn't even make a guess in the early stages of this process. Some ambassadors would finally just get disgusted and set a date to leave and then leave even if their replacement had not been approved.

Q: Political ambassadors can do that.

BUSHNELL: Even career ambassadors do it. It's my recollection that Frank Devine did it.

Q: What he says in the book is that, having got uncomfortable about not having a date, he pressed and they finally came back and said, “Okay, mid-February.”

BUSHNELL: But White was not ready to go. He was not approved yet, and we had to try to speed up the process. By that time his name was on the Hill. There was a big fight with Senator Helms. Helms was delaying; he saw White as a human rights zealot. Some of us even went up and talked to Helms and others on White's behalf. After Devine departed, there must have been several weeks, and potentially a much longer period without an ambassador there. Moreover, Mark Dion, the DCM, also left at about the same time. Thus our representation was not what it should have been at what turned

out to have been a critical time. From the personal point of view, Frank had a legitimate complaint. The system does not work well in terms of predictable timing. I think there's been some improvement by standardizing the ambassador tour as three years so that automatically after a couple of years the process starts preparing a replacement. But we still go through periods of tremendous gaps. It's been almost a year and half since Jim Cheek left Argentina, and we have no ambassador there now. But whatever Frank's conversations were with Personnel, he did not have an onward assignment that required him to leave. In my view, given the near crisis situation in El Salvador, he should have stayed until White was confirmed.

Q: To the Reagan period again. First, a little detail: Apparently there was a transition in the transition, so to speak, after Reagan's inauguration and before Haig's confirmation when David Newsome was Acting Secretary. I understand during that brief period Rick Burk, Paul Wolfowitz, and Ken Adelman were largely in charge of the Department of State. Do you recall that?

BUSHNELL: I don't think there was more than a day or two between Muskie and Haig. Haig was confirmed on January 21, and my recollection is that he was up and running the next day. The inauguration was a Tuesday, and I recall attending my first State morning staff meeting with Haig that week. Haig went around the table and people introduced themselves and stated their responsibilities. When he came to me he said, “Bushy great to be working with you again, and we have a hell of a lot to do in Latin America.” Then he went on to the next person. I don't like the bushy nickname, and Haig is about the only person with whom I had never turned it off, even though I had tried. Fortunately few others picked up on it at State, but this first staff meeting made it easier for me to run ARA because people in other bureaus thought I had a special relationship with the Secretary. My phone calls were answered more quickly, and there was more cooperation.

Q: What were your discussions with Haig about?

BUSHNELL: They were about Central America, primarily about El Salvador at first and then about Nicaragua. Carter had made the decision on January 16 to resume arms sales for the first time in three years with munitions sent right away to replace what the Salvadoran military had used up during the guerrillas' all-out offensive. But this initial supply was an emergency measure. The new Administration would have to address what, if anything, it would do in the longer term to help the military of El Salvador counter what was now for the first time seen clearly as a much expanded insurgent threat with substantial support from outside El Salvador, including Nicaragua and Cuba at least. There was a more moderate military in charge in El Salvador than at the beginning of the Carter Administration, but the level of violence and killing on all sides was considerably greater, reflecting the revolutionary changes taking place in El Salvador. The Salvadoran military had just confronted a guerrilla offensive far stronger than they had thought possible, and they had come close to losing it all. They were probably willing to play just about any game we put in front of them.

The question was what that game should be. It had to have a major military component to strengthen the military against future such offensives, made much easier because the guerrillas were supplied and trained out of Nicaragua nearly next door. Directly related to the military readiness questions were the issues of how we would deal with the deteriorated human rights situation and the lack of action on the American nuns' killers; also there were many issues on how we would deal with continued support from Nicaragua and Cuba or beyond. Related to all these issues was what might be called the public diplomacy crisis. Few people in the United States or around the world had been paying any attention to El Salvador. If the typical citizen knew anything about recent events in El Salvador, it was that the military or someone had killed American nuns. Without a greater public understanding of the situation there was no way any Administration could provide the type of lasting support that was needed. When I reviewed the situation with Haig, he agreed and said people must see El Salvador as the place we are stopping communism and beginning its rollback. He said President Reagan was the

perfect person to educate the public on this. He got the White House fully engaged; ARA prepared an endless stream of briefing papers and talking points.

Haig said it is our job in the State Department to educate the rest of the world and get support from all our friends. It was important to get support from the NATO countries, from Japan, from other Latin American countries for our policy of stopping the communists in Central America. Probably for the first time in modern history other bureaus, especially EUR, were told their first priority was to support ARA on El Salvador. Also in these early conversations, as I said earlier, Haig came up with the idea of training whole units of Salvadoran military at Fort Benning and including human rights training. Also within the first two weeks we had the visit of Seaga, in which Haig played a major part.

Also, as I mentioned, on the day Seaga arrived, the President gave the traditional reception for the Diplomatic Corps. After I got the Seagas and their delegation settled at Blair House, my wife and I walked across the street to the White House. We were somewhat late, but our rank would have put us at the end of the reception line anyway. Not far ahead of us was the charg# from Nicaragua, also toward the end of the line because she was not an ambassador. Haig was greeting the guests and introducing them to the Reagans. I remember him really sending a message to the charg# from Nicaragua. She was a Sandinista revolutionary leader, and during the early 1970's her role had been to befriend, let's call it, one of Somoza's senior officers so that the Sandinistas could execute him in the bedroom. Haig greeted her as the military world's most dangerous girlfriend and went on to warn her that, if her government continued to support the Salvadoran guerrillas, it would become the biggest enemy of the U.S. in Latin America. When I spoke with her later, she said she had been hit with and an atomic bomb. I commented that the message seemed to have gotten through.

I remember that William Clark, who was the deputy Secretary early on, was given the job of having lunch with the Latin American ambassadors to make our pitch on El Salvador. I arranged for one of the ambassadors to host the lunch, and I introduced him. Then he had

me make the presentation because he was brand new to all these issues and hadn't really mastered the brief.

Q: I think in three weeks Walter Stoessel replaced Newsome. Did that make a difference?

BUSHNELL: I don't actually remember anything about Newsome during that period. I remember Stoessel had retired after a distinguished career as ambassador to Moscow among other posts, and he was called back to be the Undersecretary. Soon after he got back, probably it was March, the Senate called for Haig to testify on El Salvador. Either Haig could not or did not want to, and he said I should testify. The Senate demanded someone more senior, and it was decided that Stoessel and I would testify. ARA as usual prepared a statement which Stoessel tried to read in full, but the Senators wanted to get to their questions, many of which were an attack on the Administration's policy. Stoessel passed most of the questions to me. It was a very long afternoon; there were many TV crews there and the lights were hot and blinding. Some Senators were performing for the cameras and showing how tough they were. I managed to turn some of their questions back on them. It was the first time I realized how effective the anticommunist posture was. Most Senators began their questions with a statement that communism must be stopped; then a “but” followed. I think the hearing went on from 2 PM until well after 6. Stoessel commented to me that the Senate session was more difficult than dealing with the communists, but he said I did well making our points without attacking the Senators.

Q: Rob Warren emphasized the other day the dramatic contrast in the attitudes of the Carter and Reagan Administrations toward Central America and Cuba in particular, as illustrated by Haig's pressure on you to do something about Cuba. Was it really that intense and unrealistic?

BUSHNELL: We had several discussions about Cuba, including one after I went to that strange meeting on Cuba at the White House. However, there was no pressure on me to do something about Cuba. We did want to get a clear message to Cuba that the new

Administration was not going to permit Cuba to continue running around the world helping leftish groups use violence to take over countries. Where I was sort of caught at first was that Haig wanted to blame the Salvadoran all-out offensive, the Salvadoran insurgency, and the Nicaraguan takeover 100 percent on Cuba and 70 percent on Russia. At first we really didn't have, because of the intelligence gap, the hard evidence. We didn't know just what role Cuba and the Soviets had played in training and equipping the guerrillas. Until we got the breakthrough in early February when Jon Glassman found these documents in El Salvador which detailed the insurgent leader's trip to Moscow and then to other places arranging arms, we only had hard evidence of occasional shipments from Nicaragua to El Salvador, and much of that was classified. But those captured documents conclusively showed the key and gigantic role of Castro in uniting the insurgent groups and facilitating the movement of arms. They also showed the central role of Moscow in arranging the arms. Before these documents were found Haig was sure in his mind that this was the case, but frankly I had doubted there had been a major Russian role. I was caught between Haig's instinct, which turned out to be 100 percent correct, and the available facts. It was my job, the job of the career State staff, to flush out everything we had and then to tell the Secretary we just didn't have the intelligence on the Russians and Cubans. Thus for me at least, the breakthrough with Jon Glassman finding this hoard of documents was a godsend, because they provided the evidence to prove Haig's instinct right. This was the evidence in their own hand, and we were then able to use this to support what in more general terms Haig had been saying.

While I don't recall being under pressure to do something about Cuba, we did have a problem with our charg# there, Wayne Smith, who early in the Administration sent in a cable arguing that we had to move forward improving relations with Cuba. It was 180 degrees opposite of what the Administration was intending to do. Moreover, it was more rhetoric than reason. I don't think Haig actually saw this first cable, although someone apparently told him about it or gave him a brief summary. I sent a message to Wayne or I called hiI'm not sure whicand told him that the new Administration was moving in a

different direction and this sort of message wasn't going to do any good. I suggested he wait for Cuban policy to become clearer and then, if he wanted to, send a message in the dissent channel. Within maybe two weeks he sent a second message along the same lines. This one Haig did see. He called me and said, “John, have you seen this message from Havana?” I said yes. He said, “I thought you said this was a good guy.” Haig didn't know Wayne had gone directly against my request by sending the second one. But Haig was angry and said, “Get him out of there.” Wayne was removed after a replacement was identified.

Q: So Wayne Smith was removed from Havana and didn't have another assignment in Latin America?

BUSHNELL: It seems to me that fairly soon he was retired and appearing on the lecture circuit, but I don't know if he had another assignment in between. He had been the Cuban country director before he went to Havana and had done a good job. I thought he was a professional officer. I don't know what explains this performance early in the Reagan Administration. Perhaps, if he had seen the evidence we collected in El Salvador before he had sent either of those cables, his view might have been different. As with everyone else, he hadn't seen any hard intelligence laying out how extensive the Cuban role was in Central America. His view was that it wasn't so extensive.

Q: Is there anything more we should say about Castro and Cuba during that first six months?

BUSHNELL: Early in the new Administration I had a memo to the Secretary prepared pointing out that the ace Castro always had up his sleeve was sending lots of Cubans to the U.S. as boat people. The Carter Administration had never found a response to such an invasion and had relied on trying to improve contacts with Cuba on consular issues to avoid a repeat of the 1980 situation. Many of us did not think Castro could be trusted not to play this ace regardless of how many Cubans we allowed in through legal programs.

With Haig talking about going to the source, which many interpreted as Cuba, the potential for an immigration crisis increased, at least in my view. The result of that memo was that ARA and several other bureaus were instructed to develop options for dealing with Cuba on bilateral issues, i.e. without reference to the unacceptable things Cuba was doing worldwide. This work never got very far. There were a lot of working-level meetings. I don't think I actually attended more than a couple. Since there is no good way of dealing with an invasion of boat people, bilateral Cuban policy was in sort of a cul-de-sac during my tenure as acting assistant secretary.

Q: The Reagan Administration seemed to be so preoccupied with Cuba and Central American during its early months that it largely ignored the rest of Latin America. Is that the way you see it?

BUSHNELL: No. I would say that El Salvador and Nicaragua, and Cuban to the extent it was involved in these two countries, were taken as a major worldwide problethe first Reagan priority worldwide. The rest of Latin America got the normal attention. The normal attention for Latin America or anywhere else is a lot less than the attention that's given to a major worldwide problem, but it is not no attention. The Seaga visit in the first two weekthe first official visicertainly represented attention from the President and numerous other senior officials.

Q: And the Caribbean nation initiative?

BUSHNELL: The Caribbean Development Group activities continued apace. By this time there were regular meetings; the aid levels, particularly from the World Bank and IDB, were going up fast. I had an easier time in the Reagan Administration, despite the fact that aid was being cut overall, getting increased aid, not just for Jamaica, but for the entire Caribbean initiative. Elsewhere we made major changes in policy. These did not require a Presidential or Secretary's press conference. We changed our policy significantly on Chile, reducing sanctions to reflect the improved human rights situation. I testified on the

Hill, making our revised Chile policy public. These changes got a fair amount of press coverage, the normal press coverage. Haig met very early on with General Viola, who was taking over as president of Argentina and was up just before he was to take over. I also arranged for Viola to see the President privately. There was little press play here for the Viola visit. It was normal attention, not a major thing. For Argentina it was a very big thing. It wouldn't have happened under Carter. Carter wouldn't have seen him because Viola was another military general taking over a military government which had abused human rights in previous years. The Reagan Administration view was human rights are improving in Argentina, and, now they're changing the face running the government, human rights can improve even faster, and that's what we want, that's encouraging. I didn't attend the President's meeting. Years later Viola told me when I was living in Argentina that it wasn't a very satisfactory meeting but he was very glad to have it. Just having the meeting was what really mattered.

I did sit in with Haig, just the three of us and an interpreter. Haig said we wanted to improve our relations with Argentina and, “In order to do this, you've got to help us. It's in your own interest anyway to move toward a more democratic system and better human rights, and that's what we need in order to move forward.” It was 'let's work together' instead of 'your human rights record is awful, clean it up and we'll look at it'. That's a case where Haig showed that he could be at least as good a human rights diplomat as Christopher. Moreover, between his meeting with Viola and the President's meeting he probably spent three or four hours on Argentina during his first month; that is a lot of additional time on Latin America.

We had a major issue on the administrator of the Panama Canal. The first administrator under the treaty was Phil McAuliffe, who was the general who had been CINC South. He retired and immediately became the administrator of the canal. I had nothing to do with that appointment, but he did a first-rate job This was not really a political appointment as we normally consider them. The Administrator was to be an American for the first ten years, and I think our mind-set was that Phil would do it for the ten years. Then he would

step down when a Panamanian took over under the Treaty. Having one person with that continuity made good sense, and Phil had built good relations with the Panamanians. The Reagan White House moved quickly to put up somebody else for that job as a political plum. I got Haig, who of course knew Phil McAuliffthey'd both been top Army generalto intervene and save what could have been an unfortunate change, which would have been interpreted as the new Administration backing away from the Treaties.

If I thought about it, I'd probably find a half dozen other Latin American things on which Haig spent time, but that's not to say such time was in any way comparable with his time on Central America. Certainly the major time was spent on El Salvador and, related to that, Nicaragua and Cuba. In fact over the first six months or year of Haig's term, he probably spent more time on Latin American than most other Secretaries, although he didn't make a visit there. Of course, he later had the Falklands War, which took a lot of his time. If you count that, he probably spent a greater proportion of his time on Latin American than almost any other Secretary of State. In the Carter Administration, Christopher had been the main person spending a lot of time on Latin America, not Vance, and that was a more usual situation.

Q: Were there other major Latin American issues that required your attention during that period?

BUSHNELL: We modified slightly human rights policy in many countries to reduce the rhetoric. We generally continued with the same actual policies on aid and military assistance for example, but we tried to make clear that the Reagan Administration was working for incremental improvement of human rights and backing away from public criticism. This was a time when Latin America was moving toward democracy very rapidly; probably in retrospect the Carter Administration in its last six months was a bit slow to respond to this progress, so there was catching up to be done, which would have been done even in a second Carter Administration.

Q: I recall seeing you at a meeting that Meyer Rashish convoked in January of 1981 when he was Acting Under Secretary of State for Economic Affairs. He was trying to organize his office as a central control point for US international economic policy. Do you remember that meeting or any other activities related to what Meyer Rashish was trying to do at that point?

BUSHNELL: I have no recollection of that meeting. My recollection is that in the first part of the Administration, Rashish was putting himself forward to take the lead on Mexican policy, which he perceived as being mainly economic. I wasn't particularly opposed to him assuming the role of the Mexican coordinator. Probably I was perceived as being opposed, but I kept pointing out that his problem was not with ARA; his problem was with other departments in the US government.

Q: EB and Treasury.

BUSHNELL: EB he could control, but Treasury, Agriculture, the Federal Reserve, INS, the Congress, Energy, and everybody you could think of thought they controlled some part of Mexican policy.

Q: There was some presumption. Bob Hormats was in EB at that time, and the presumption was that they didn't see eye to eye on a lot.

BUSHNELL: Bob was more realistic. I remember having a chuckle, a mutual chuckle, with Bob at one point that for anybody in the State Department to think he or she was really going to control and be the czar of Mexican economic policy was a joke.

Q: I think 'vicar' was the word he used. Haig was going to be vicar for foreign policy generally, Rashish for international economic policy.

BUSHNELL: Probably those of us who have been around a while, like Bob Hormats and myself, thought more power to him but it's not going to happen, and it didn't.

Q: Who were DASs while you were Acting Assistant Secretary? Who did you mainly rely on? Did you have somebody as a deputy?

BUSHNELL: Although it is sometimes done, I did not appoint someone as principal deputy while I was acting assistant secretary. In fact I continued to handle the economic and political/military duties, although I relied more on George Jones in RPP and John Eddy in ECP. DAS Jim Cheek stayed on for most of the first six months of 1981, and Ted Briggs then replaced him once Enders was able to begin selecting staff. DAS Sam Eaton handled South America.

Q: I don't think we've talked about Sam Eaton yet. Is there anything you can say about him?

BUSHNELL: Sam was very professional. Frank McNeil was the deputy assistant secretary handling South America when I arrived in late 1977. Frank departed in the summer of 1978 and soon became ambassador in Costa Rica. When Pete Vaky took over and decided to move Sally Shelton and Richard Arellano out of ARA, he was pressured to fill at least two deputy jobs with outside appointments. Ralph Guzman, a Californian professor, came to handle South America, and Mike Finley, a staffer of Congressman Dante Fascell, handled the Caribbean for a year or so. Guzman left even before the end of the administration and was replaced by Sam Eaton who had recently been DCM in Spain. The administration change was in January, but the Foreign Service shifts come in the summer, so, while the very top levels changed, most everybody else stayed the same, and we then dealt with FSO changes in the summer. Enders got Steve Bosworth to replace me.

Q: Bosworth came in the summer?

BUSHNELL: Yes, he came in July.

Q: When did Gillespie come in? He was Chief of Staff.

BUSHNELL: Tom brought Gillespie over probably about May as his staff man. Ron Goddard had been Chief of Staff. Later in 1981 Ron worked for me on public diplomacy because he too had been replaced and didn't have another assignment. Enders selected his staff, and he relied exclusively on career officers. He wanted to have fewer deputies so a couple of positions just vanished.

Q: Briggs came in somewhere in there?

BUSHNELL: Ted Briggs replaced Cheek. Briggs moved up from being the Mexican country director. This change occurred while I was still technically running the bureau, but Ted was Tom's selection so it must have been in May.

Q: This was Everett Briggs, Sr.'s son, Ted Briggs, Jr.

BUSHNELL: Yes. Ted had lots of Latin American experience and had done a great job as the Mexican country director during a difficult time when everyone around Washington thought they could make Mexican policy and neither the assistant secretary nor anyone else in the ARA front office had much time for Mexico. Tom brought Craig Johnson in to be Central American office director, and he later replaced Briggs when Ted became ambassador in Panama. I recall a staffing discussion with Enders in which he said, “Who is the country director best equipped to be a DAS?” I identified Briggs.

Q: So how did the transition work between you and Enders? Enders was named to the job some time before he was actually confirmed, right?

BUSHNELL: Quite a while, yes. There were several stages of this transition. At first he was chosen but next to nobody knew he was the candidate; he came back from Brussels maybe the end of March or first part of April, and I had him use the assistant secretary's

office, but most people, thinking him an unlikely candidate for the job, assumed I was just letting a friend use the office.

Q: He'd been Ambassador to the European Community.

BUSHNELL: Right. He came back for a short time, a week or ten days, to get his papers in order and make a few calls on the Hill. We discussed what was going on in the bureau as much as my schedule would allow. Then he went back to Brussels. In a couple of weeks his nomination was announced but not made, and he came back the end of April. He had finished the previous job so he was working full time on ARA matters, which is 18 hours a day for Tom. As I recall, he was also studying Spanish in the early morning FSI program. During the couple of months before he was confirmed he gradually took over more and more of the internal work.

Q: And you were sort of consulting with him during that period?

BUSHNELL: Yes, we would mutually consult on most everything.

Q: Did he have an office up there?

BUSHNELL: He moved into the ARA Assistant Secretary's office.

Q: And you occupied the...

BUSHNELL: I never moved out of my corner office as principal deputy. With Enders it was a smooth gradual transition. In the other transitions I had had from Todman to Vaky and Vaky to Bowdler, one was just gone and the next arrived running. Of course, both Vaky and Bowdler were much more on top of the Latin American issues than Enders was. Enders had a long learning curve on Latin America so the gradual transition worked very well.

Q: Enders was very sharp.

BUSHNELL: Yes. He would take on issues one at a time depending on what was coming up and educate himself.

Q: So he was confirmed about the middle of the year?

BUSHNELL: I think he was sworn in toward the end of June.

Q: And what did you do after that?

BUSHNELL: For a brief period I was Tom's principal deputy. He was sworn in a few weeks before Bosworth arrived. Then I was just an over-complement officer in ARA for nearly a year. I moved into one of the DAS offices that was vacant because Enders had fewer deputies. I continued to be the State person on the Panama Canal Board and even had time to prepare for board meetings. For two weeks in the summer I visited a lot of the small places in the Caribbean, which I had never gotten time to do before. Senior officials seldom get to these countries unless there is a conference there so a visit helps to build the relationship. I was well-known because of my role in the Caribbean group and in ARA, and I knew many of the economic leaders. Actually, having helped Bosworth for a couple of weeks, I wanted to get out of his hair and let him do his own thing. I went to Guyana, Surinam, St Kitts, Trinidad, and the Dominican Republic, perhaps others. It was a pleasant trip, and both the governments and the embassies were glad to get a little attention even from someone leaving his ARA job.

While I was still acting, I had told the Secretary we were winning the war in El Salvador but we were losing the war in the United States because people didn't understand the situation. They thought we were just helping this gang of killers. We needed to make our case better. He agreed and directed that State's public diplomacy on Central America be greatly expanded. Tom Enders asked me to head the task group to gear up this public diplomacy. I set up a small working group to improve public affairs outreach, and that's essentially what I did until I went to Argentina in June 1982. At the beginning I really had

no game plan for what we would do, but gradually, as I understood the problem better, we evolved various responses. Of course State is not given much budget or authority to promote policies in the United States, so I had to gear up and build on the traditional programs we had.

One element was to get the normal State Department publications geared up. We had at the time a couple of special reports and several one-page handouts that summarized the situation. My Congressional testimony and the Secretary's testimony were published with a long time lag. Thus the first task was to get publications updated and, most difficult, to get them published and distributed quickly. I tried to put some life in what were traditionally routine factual documents prepared on the country desks. I found there were quite a few senior officers like me without assignments and arranged for several of them to help with this public diplomacy. The Public Affairs office concentrated its budget on providing speakers about Central America, and all of us on the inter-agency task force were available to fill these speaking engagements, including those without Latin American experience. Many organizations contact State for a speaker and are quite flexible about the subject. Thus simply by proposing a Central American topic for all of these audiences State can get its message to many audiences.. I was invited to write an article for Orbis and for various other magazines. The Secretary and other officials were invited to contribute to other publications. Thus we were quite busy writing these pieces and trying to make each at least a little different.

By early fall I had time to read what was being written about Central America around the country, not just in the main newspapers. When I was acting assistant secretary, there was no time for such reading. We were getting beat up in most papers and on the radio. As I completed a fairly comprehensive review of what was being said about Central America, I saw that editorial opinion was almost uniformly against our policies. Editorials were not very well informed, and many half-truths and even false stories appeared in one editorial after another from all over the country. I proposed that we have a senior official visit the editorial boards of all the major newspapers in the country. The public affairs people made

up a list of 90 or 100 newspapers which became our target list. In the course of nine months we visited almost all these editorial boards. I did close to 50 myself.

Q: Across the country?

BUSHNELL: Across the country. Tom Enders did a few editorial boards. He did the New York Times; I did the Wall Street Journal and The Daily News. We had several people visiting the editorial boards, but I did far more than anyone else. During this period I would travel at least once, often twice, a month for the best part of a week. Generally I would spend a day or a day and a half in a city. I would meet with the editorial boards of the newspapers. I'd usually do one or two television appearances, maybe a radio appearance, maybe speak to a foreign affairs club or at a university. The Public Affairs Bureau did a great job of scheduling. They had the contacts for the TV, radio, and universities. It was so unusual for State to be calling an editorial board in Cleveland, Memphis, or Phoenix that an invitation was almost always extended quickly for a convenient time. This public diplomacy was an interesting and exciting experience for me. Like any good Foreign Service officer I tried to understand how editorial boards work and how I could best get our message across. It soon became apparent to me why we were being treated so badly in the editorials and the public opinion sections of the newspapers. Fairly early I met the editorial board of the Cleveland Plain Dealer, which is a reputable, high-quality paper in Ohio. There I saw how the internal dynamics of editorial boards, which I knew nothing about starting out, worked very much against us on Central America. The Cleveland Plain Dealer had a little bigger editorial board than most papers because it had three senior people and three junior people, some of whom may have been part-time. Central American and El Salvador was a new issue. Nobody on any editorial board in the U.S. had ever spent any time on this issue before December of 1980. What happens with a new issue? It goes to one of the junior people because the senior people have their issuesomebody has nonproliferation, another leads on Russian and Chinese affairs and others on domestic issues. If there's going to be an editorial on Russia, the senior editor writes it because he or she has done six editorials on Russia over the last two years. But

a new issue like El Salvador would go to one of the junior editors, usually the most junior. I found this pattern over and over: new subject, no one knows anything about it, give it to a junior person to do the research and writing.

I was frankly amazed by the second thing I found. The junior editor tends to be fairly eager and scratches around to get material on his new subject. I estimated that, if they wrote to the State Department, including speeches which were only partly on Central America, they might get 40 pages. What I found was that they tended to get about 20 pages a week, a week, from the Salvadorian leftish opposition. Whereas they could get the 40 pages once from the State Department if they called up or sent a letter. Many of the editorial boards were on distribution to get everything from the State Department, but the Central American papers, averaging at best a couple of pages a week, did not necessarily get to the junior editor or even get filed in a systematic way. Typically a Salvadorian or other Central American would come in person weekly, or sometimes more frequently, to meet with the junior editor and deliver materials. As I began to understand the organized campaign we were up against, I would regularly ask about editorial board contacts with resident Central Americans. Generally the Salvadorian visitors were students at a local university, or at least said they were. They were obviously coordinated in some sort of organized network because the materials shown me by various editorial boards had many identical papers. I was surprised to find that editorials in one paper would appear in the packet delivered to other papers across the country the next week or even sooner. Imagine how helpful such editorials could be to a lazy or rushed junior editor. Typical of the materials would be an article in some out-of-the-way, often foreign, newspaper which recounted the terrible executions by the El Salvador government in village such-and-such. Other papers described human rights violations by the US supported government without any attribution. Often these papers had obvious errors; some were in Spanish, and experts at State thought they had probably been written by Cubans given the words used. Looking at some of these materials distributed to editorial boards, I found two paragraphs of an editorial which really had been fairly balanced. It was maybe six paragraphs in total, of

which two were basically favorable to the insurgents, but elsewhere the editorial pointed out the Cuban support and the poor human rights performance of the guerrillas. What someone had done was to copy those two paragraphs that were favorable to the rebels and distribute them as though that was the whole editorial. I was able to use this case in a couple of later meetings with editorial boards which found they too had received the doctored editorial. Such examples did a lot to restore credibility to our side.

The dynamics of my meetings with the editorial boards was often explosive. Usually all or most of the editors would meet with me together, reflecting the fact that few senior State Department people ever appear in the offices of editorial boards. I had the cache of having been on many TV shows and of testifying in the Congress, even thought I was then basically unemployed. I would paint the big picture of worldwide communist efforts to take-over countries in our hemisphere. The Glassman-discovered records of the Salvadorian guerrillas were most helpful supporting this case. I would ask why the newspaper's editorials omitted this element key to our national security and only concerned themselves with the great violence in Salvadorian society. Generally one or more senior editors would agree with me and point out that the paper's editorial policy was solidly anti-communist. Soon the junior editors would be defending themselves from questioning by senior editors. I would try to bring out the extent of efforts of the worldwide left to win the El Salvador war in the United States. In one case a senior editor jumped all over his junior colleague for being taken in by some Salvadorian studying at the local university. In many cases editorials would appear fairly soon after my visit which were favorable to US policy while not excusing human rights violations by all sides. In a few cases I would call the senior editor when a particularly good editorial appeared or when key points in an editorial could be shown to be wrong.

Considering the remoteness of El Salvador, I was quite amazed at the extent of the communists' logistics effort of getting so much stuff to the newspapers so effectively. Whoever was organizing this effort was quite subtle. They didn't just type out creeds along the lines of much propaganda in Central America. They tried to pick things from credible

sources. They were big fans of former ambassador White, and quotations from him, often quite selective, were in many documents given newspapers. This was a massive effort. Everywhere I went in over 15 states the newspapers were getting this massive input from the opposition, so to speak. My suspicion was that this effort was organized by the Cubans, but I never found any hard evidence to support this hypothesis. We tried to gear up the factual output from the State Department to counter this far left effort. However, I think it was mainly our face-to-face meetings with the editorial boards that changed the tone and thrust of editorials on Central America.

Q: This was your main job for the six months?

BUSHNELL: Yes, really for nine months. In the beginning I thought it was going to be a part-time, temporary task, but it became fairly quickly quite time consuming, especially with all the travel for public appearances and visits to editorial boards. I tried never to be away more than a week because I wanted to keep up to date on what was going on, although in theory I could have called in and gotten up to date on the phone. I did this until I went to Argentina in June 1982. Soon thereafter Otto Reich, who had been with the Council of the Americas, took over my role, and it became quite controversial as the Nicaragua contra situation developed.

Q: What lessons did you learn from your experience in ARA, your experience as a Principal DAS under four assistant secretaries, as overseer of regional economic policy in the hemisphere, as a key participant in the transition process, and as Acting Assistant Secretary during the early Reagan period? What do you know now that you never would have known if you hadn't done it? Not just the facts but about overall how the State Department works, how foreign policy is made, how we do things right and we do things wrong, not specific issues.

BUSHNELL: It's certainly a general perception that the differences between administrations were greatest on this set of Latin American issues, human rights and other

things to do with Latin America. If you were to pick areas where the Carter Administration and the Reagan Administration were different, these Latin American issues would certainly be one area that one would pick. However, sitting with an exceptional view on both sides of that fence, I would say the actual differences in policy were much less than the public thinks or that the literature makes out. There was a lag at the end of the Carter Administration in catching up with the progress that Latin America was making on human rights. A number of Latin American countries such as Chile and Argentina had stopped major human rights abuses. Some might see this improvement as a credit to the Carter human rights policies, but I think it was largely the result of the internal dynamics in these countries. The end of an administration is not the time people focus on policy changes. It's easy to leave an issue to the next administration whether it's the same people or different people. Thus I think a second Carter Administration would have done most of the things the Reagan Administration did, at least during the first six months. Of course, the turnaround on El Salvador in terms of supplying the Salvadoran military with lethal material came in the last week of the Carter Administration. The Reagan Administration would have done the same thing, and a second Carter Administration would have come up with a follow-up package to strengthen the Salvador military and improve its human rights performance probably not much different from the Haig package, although whole units would not have been trained in the States. If the Carter Administration had gotten the captured documents on Nicaraguan, Cuban, and Russian involvement in El Salvador, it would have stopped aid to Nicaragua as the Reagan Administration did. It might also have cast Central America in the worldwide anti-communist light although probably not as quickly and decisively as the Reagan Administration did.

I came away from that transition, which is seen generally as about as big a policy swing as the pendulum takes, understanding that the pendulum doesn't swing very far in US foreign policy. In fact our policy on most things is pretty much the same regardless of who wins elections. The biggest differences are in rhetoriwhat you say about it rather than what you do. The rhetoric emphasis in Latin America was in terms of stopping Communism

and Castro in the Reagan Administration while it was on the improvement of human rights in the Carter Administration. In both cases rhetoric was exaggerated. I participated in that exaggeration, probably more on the anti-communist side because I was then Acting Assistant Secretary while I had been trying to moderate the human rights extremists during the Carter years.

Q: Would you have any comment regarding the performance of the intelligence community, the CIA, as you gathered it from your experience in ARA?

BUSHNELL: I think everybody would agree that we had major intelligence gaps on Central America. I'm reluctant to use the word 'failure' because failure implies that you tried and didn't succeed. That's the wrong description for what happened.

Q: Well, if you put that many billions of dollars into it and get little fruit from it, that sounds to me like you tried and didn't succeed.

BUSHNELL: But that's taking intelligence in general. Through the Carter Administration the Agency spent less and less in Latin America. We closed stations; we cut back stations; we refused to gather intelligence from human rights violators; we did less and less. Latin America wasn't where the big bucks went for intelligence. It is surprisingly to me in retrospect, although I have no recollection that this really occurred to me at the time, that our intelligence on Cuba was so weak when Cuba is just 90 miles from the United States. Maybe on Cuba there was an intelligence failure. We should have known about their activities in this hemisphere, especially when they were shipping plane loads of arms to Nicaraguan guerrillas and later ship loads for the Salvadoran guerrillas. In Central America itself we really didn't try. Perhaps this was a failure on everybody's part including mine. I should have been saying, beginning in 1978, look, we need more intelligence on guerrillas in places like Nicaragua and El Salvador, but none of us anticipated in 1978 that we were going to have Nicaragua taken over by a Communist regime and El Salvador nearly taken over by one.

Q: I've always felt it should be up to the State Department, political economic reporters from the embassies, to give the analysis as to what the realities are in the country.

BUSHNELL: The realities, yes, and State Department reporting may have been spotty, but that's not where there was an omission or a failure. The Foreign Service is seldom in a position to report on clandestine activities; that is the job of the CIA. The fact that Cuba drew together the Nicaraguan guerrilla leaders and then secretly supplied them with the help of Venezuela is the sort of thing the Agency is supposed to find out before it happens or at least as it happens. Generally embassies don't talk with guerrilla leaders.

Q: This is Wednesday, August 26th, 1998. John, we'll be discussing your experience in Argentina today, John, but first you explained that in January 1981 you had anticipated an assignment as Ambassador to Chile that did not materialize. Was there any discussion of another ambassadorial appointment for you during the ensuing months?

BUSHNELL: Yes. Haig kept recommending me and put me on lists sent to the White House for three embassiePeru, Paraguay and I forget what the other one was. I was rejected at the White House every time.

Q: Any idea why? Because of your experience with the Carter Administration?

BUSHNELL: I was seen as one of those who lost Nicaragua. It was never clear to me exactly who it was that thought this.

Q: You'd have thought Haig's recommendation would have overcome that.

BUSHNELL: Haig's relations with the President were good, but Haig's relations with the rest of the White House suffered from the fact that he knew a lot about foreign policy and most of the people close to the President knew little about foreign policy. At any rate minor ambassador appointments probably never went beyond the NSC and the personnel people. Of the quite dogmatic Latin America group in the transition, none got jobs in the

State Department. They did get jobs at the NSC, but Haig paid little attention to them, and they may not have wanted to approve a nomination in which they thought Haig had a personal interest. However, I managed to work with them quite smoothly over the first six Reagan months, and thereafter as they strongly supported our public diplomacy efforts.

Q: Who was the main Latin American person on the NSC staff?

BUSHNELL: Roger Fontaine. My nomination for Chile was taken off the table almost immediately as the White House wanted to send someone that had been supporting Pinochet. Then I was on the list for Peru, but the White House asked Frank Ortiz, who was one the only career ambassador in Latin America fired by the Carter Administration, as ambassador in Guatemala, where he wanted to go. Because the Carter Administration had fired him Ortiz was persona grata with the new people. He opted for Peru. Haig kept putting me on lists sent to the White House, and at one point someone in personnel commented to me that, as the White House had made it clear I would not be approved, putting me on the list only denied a spot to another career officer. However, whenever Haig or Enders asked if I would be interested in being ambassador to x country, I always said very interested. As no new assignment was working out, I just went along doing my interesting public diplomacy project. Some of my Treasury bosses who were by then very senior officers of Exxon continued to try to recruit me. I figured in a little more than an additional year, in mid 1983, I would be 50 and could retire and go to Exxon if the State Department did not offer me interesting work.

In April 1982 the Falklands War broke out. Haig would call me up to his office to talk about it or call on the phone. I guess he thought I knew a lot about Argentina, and he was trying to learn about Argentina quickly. Soon he became in effect a mediator between the British and the Argentines and was flying between Buenos Aires and London. One day in early June 1982 when the British had pretty well won, he called me to his office, and he said, “John, how about going down to Buenos Aires?” I thought he meant go down for a few days or a couple of weeks to look into some things. Without pausing I said, “Sure.” He

realized I hadn't really understood, and he said, “Now, you know, Shlaudeman is a good ambassador, but the Argentines are going to throw Harry out. The DCM is Claus Ruser, and I don't have any confidence in him, so I want you to go down there as DCM and then you'll become charg# when Shlaudeman is thrown out, and that might last a long time.” I said, “I think that's alright, but at least as a courtesy I should check with Ann.” He said, “You have till tomorrow morning.” When I talked with Tom Enders about the assignment, he said to grab it while Haig was still the secretary which might not be much longer and before my opposition had a chance to wade in. The assignment was made the next day, and I rushed to get visas and get packed. I think I did do one last public diplomacy trip that had been scheduled to meet with some editorial boards and do some speaking. It may have been over a week before I flew to Buenos Aires. The Falklands War was really over, but dependents had been evacuated from Buenos Aires so my family could not go. Before I departed Tom told me Ambassador Kirkpatrick in New York had heard I was going and had called him to object and he had said she would have to raise the assignment with Haig.

Q: What kind of briefing did you get on Argentina in Washington?

BUSHNELL: I was still sitting in the front office of ARA. I talked with Bosworth, Briggs, Enders, and with various office directors most days when I was in town. I had been getting all the cable traffic on Argentina because of the Falklands War, which always came up as I visited editorial boards and did public appearances. I talked with the executive director of ARA about personnel, budget, and other administrative problems, and I had a meeting with the security people. Substantively I was pretty well up to date. By this time the British had actually landed on the island.

Q: I think they went in on April 2nd of '82.

BUSHNELL: That's when the Argentines took the island.

Q: And the Argentine surrender was June 14th.

BUSHNELL: I forget exactly when I arrived in Argentina, but it must have been just before that.

Q: So you went pretty quickly after this first came up?

BUSHNELL: Oh, yes, I went within a week.

Q: You went ahead of your family?

BUSHNELL: Yes. My family was not allowed to go. There was concern that Argentines would attack resident Americans, particularly diplomats, and the embassy had evacuated all dependents. Although Haig had tried to be balanced between the Argentines and the British, once the British attacked and there were numerous Argentine casualties, many Argentines believed we had helped the British. The Argentine military promoted the idea that they could have defeated the British in a fair fight but they lost because the United States helped the British. Thus one of my first big problems was to manage the inconsistent dependent evacuation policy among various agencies. The dependents of the State Department were sent back to the United States, and most other civilian agencies allowed dependents to be evacuated to the U.S. although some also allowed them to stay in nearby countries if they wished.. But the military's rules on evacuation were much tougher. If a dependent was evacuated back to the United States, the dependent could not return to post when it's permitted unless the employee has 18 months remaining in his/her tour. Everyone's perception was that this Argentine evacuation would be fairly short term, that the war would be over and things would settle down and come back to normal. So the military had sent dependents to Montevideo, and the dependents had spent a couple of months there when I arrived in Buenos Aires. The military officers would try to go over for weekends to be with their families that were having a hard time in Uruguay. The military families felt the embassy in Uruguay didn't really take care of them. They were left

in hotels. They were given spasmodic access to the commissary. Kids could not get into the schools. Their conditions were difficult.

However, there was also resentment among our civilian employees because they had not seen their families for a couple of months, and they complained about the military going to Uruguay for the weekend while the civilians continued working in Buenos Aires. It was a bad scene, and morale was not good. The excitement had died down, and everyone was tired. Relations with the Argentines werI suppose terrible is the best way to put it. The Argentines tended at almost every level to blame us for their defeat. The Argentines did not have a good assessment of military capabilities and were in denial about their military weakness. I don't know how many times during my first year there I pointed out that the cruiser Belgrano, which was sunk with the greatest single battle loss of lives, some 323 Argentine sailors, used to be a US Navy ship and we knew that, when it went to sea, its engines made so much noise that the ship could be detected several hundred miles away. But the Argentines preferred to believe it was US satellites which had located the ship for the British sub.

Q: Just what was the political and economic situation there?

BUSHNELL: Well, 1982 was the sixth year of the military government which had taken over in 1976 following a chaotic period when the Montonero insurgency had been killing people in the streets of Buenos Aires and there was a terrible dirty, largely urban, war with the military responsible for what were called disappearances, which generally meant killings after torture. The human rights situation had greatly improved. People didn't disappear anymore after about 1978, and of course the Montoneros had been defeated by the military's tactic of eliminating the infrastructure that supported the guerrilla fighters. With the military take-over Martinez de Hoz had become the economic czar and had introduced sensible economic policies. There was a tremendous economic boom. Another embassy morale problem was that costs in Buenos Aires in terms of US dollars had gotten to be very high. Although there was a cost-of-living allowance for American employees,

embassy people felt that they couldn't afford to live in Buenos Aires. However, even before the Falklands War the boom had ended, and both inflation and unemployment were increasing during 1981. Many people saw this economic weakening as the reason the military took the islands. Of course this would not have been the first time a government engaged in a foreign adventure to distract the public's attention from growing domestic economic problems. When the war dragged on, Argentina had to devalue its currency, and the devaluation made the dollar go much further in Buenos Aires by the time I got there. Devaluation also accelerated inflation which was running well over 5 percent a month.

Q: The war sounds kind of dumb. How do you explain such a totally irrational move?

BUSHNELL: Irrationality may depend on where you sit. Look at a globe and you see the Falklands Islands are not far off the coast of Argentina and not close to anything but Argentina, water, and ice. They are about as far from the UK as you can get in the Atlantic Ocean. One can certainly say, 'Why should these islands belong to the UK?' If you didn't know and had to guess to which country these cold islands belonged , the UK would probably be one of the last choices.

Q: The Argentines just totally miscalculated the UK reaction.

BUSHNELL: It has virtually always been the Argentine position that these islands were taken by the British from them in 1833 and that they want them back. Argentina is in many ways an odd sort of nationalistic country. Unlike many developing countries, it's not a poor country. It's a rich country with poor policies. At times it has been relatively rich.

Q: Oh, yes. In the 1920s they had one of the higher per-capita GNPs in the world.

BUSHNELL: That's right. From about 1850 to 1930 Argentina was populated by a large flow of immigrants from Europe; during most of this period there was a shortage of labor in the rich agricultural sector. As a major exporter of grains Argentina had as good a claim as the U.S. to being the breadbasket of the world. The Falklands, or Malvinas as they are

called in Spanish, are a part of the Argentine psyche. All Argentines are taught in school that the Malvinas are not just a part of Argentina but an important part of Argentine wealth stolen by the British. Argentines grow up feeling that one of the great injustices in the world has been done to them because they don't have these islands. An analogy that often came to me was with the Panama Canal. I had found in the United States many people felt the Panama Canal was ours; we built it, and therefore it was ours; it didn't matter if it was in the middle of somebody else's country. Senator Hayakawa [R CA] said during his 1976 campaign, “We stole it fair and square.” That sort of emotional outlook was typical of the Argentine view of the islands. I shouldn't put that statement in the past tense; it still is their attitude. The Falklands Islands is a cause that unites the country, that is the keystone of their foreign policy, and that Argentines are willing to fight and die for, as they proved.

Q: Even so, it just seems extraordinary they would have thought that Maggie Thatcher would have ignored it, but an Argentine once told me that one night Galtieri was drunk and ordered the action while far from sober. Do you think there's any credibility to that?

BUSHNELL: That story is probably partly true but misleading. Why the Argentines did it at the time they did, I doubt if anybody, even Galtieri, really knows. It isn't that he just ordered it one night. He may have given the final go-ahead one night, but the Argentine military had spent years planning the operation, literally years. In early 1982 the plans had reached completion in all their details. Thus the invasion was not an idea out of the blue, but something the Argentine military had been planning for years; the planning intensified after the defeat of the guerrillas, about 1977. By 1982 with the economy faltering and the victory against the guerrillas fading into history, the military leadership was looking for something to enhance their prestige and justify their continuation in power. Nothing would do more to make the military popular again than their regaining the Malvinas.

Clearly they misjudged the UK reaction. They certainly knew the UK would complain, threaten military action, go to the UN. They did not think the UK might take economic measures such as freezing assets because the military did not tell their civilian economic

advisors until the operation was underway; only a part of their liquid reserves were gotten out of the UK. The Economy Minister at the time, Roberto Aleman, told me he could have gotten all the funds out with only two days notice. Certainly the Argentines did not think the British would draw down their NATO-committed forces and send a large task force to take the islands back. If you had asked me, I would have agreed with the Argentines. Why would the British engage in a major war for something that did not affect their vital national interests? The British had given up much of an empire with many riches and many millions of people without many fights. Why would they fight for remote islands with a couple thousand people, most of whom had to be subsidized to get them to stay on the islands? Why would they make a big military effort to get the islands back when they had not stationed any significant military force to defend them? What I would not have thought of, and the Argentines did not think through, was that the Iron Lady [Thatcher] might be looking for a winnable war to fan patriotism and regain her domestic support.

Argentine military told me they thought the important thing was to seize the islands completely with few if any British casualties and put a large force on the island which would deter any British military adventures. From the military point of view, as many Argentine military explained to me, once they had taken the islands, they had the advantage. They had a fairly short supply line, certainly in relation to the UK, and they had the land so the only way it could be taken bacit wasn't even feasible to do a large parachute landing because the British had no base close enougwould be to send a large naval task force and make an assault on the beaches. Thus once they occupied the islands the advantage was with the Argentine defenders. It isn't that the Argentines didn't give any regard to the UK military; they sent more than 10,000 men to the islands to discourage the Brits from trying to win them back. Clearly the Argentines underestimated the abilities of the British Navy. It was logical for the Argentines to move at the end of a summer (April in the southern hemisphere) to have good weather for the invasion while the British would face winter weather by the time they organized and transported their forces to try to retake the islands. Just what all the factors were that caused the Argentines to

move in April 1982 perhaps we will never know. Some Argentines claim they got a green light from Tom Enders.

Q: Do you think that's credible?

BUSHNELL: Tom visited Buenos Aires a few weeks before the invasion. Tom's recollection to me was that at the end of a long day during an evening discussion covering many other things somebody brought up the Malvinas, and he didn't say much. He certainly didn't say they had a green light. On the other hand, he didn't tell them 'don't be damn fools and do something,' because, of course, they didn't say they were going to do anything. Tom's story reminded me of a fairly similar experience I had had, but with the British. Probably it was in 1979; I led our delegation for the ARA annual consultations with the British in London on Latin America. The consultations lasted only one day, but it was packed with discussions, including various interested groups in the Foreign Office. Jack Binns was the Embassy London officer assigned to coordinate my visit, and he hosted a dinner at his home that night.

After dinner the deputy or junior minister covering Latin America, a member of Parliament in his own right, who had led the British team that day, over coffee and brandy, said, “You know, we still have this problem of the Falklands.” I said, “Yes, I'm aware of it. Anything happening?” He said, “Well, we're trying to do something, but the people on the island won't pay attention to anything sensible.” I asked if it would not make sense to increase contacts between the Falklands' residents and the Argentines. He said he agreed, and there were indications the Argentines might be interested, but the islanders were very set in their ways. I turned the conversation to Belize where the British at considerable expense had deployed harrier aircraft to discourage any Guatemalan adventures. If I had asked what the chances were for a war over the Falklands, I think he would have said less than one in a thousand. From what he said, the Falklands were a minor annoyance not a national security interest. Probably the Argentines' conversation with Enders was analogous. Could someone with a Malvinas mind-set have misinterpreted some comment

sympathizing with the Argentine desire for the islands as a go-ahead for taking them by force? I doubt it. You can't get a go-ahead for something if you don't describe what it is. But for whatever reasons, the Argentines took the islands, successfully with small casualties on both sides and held them while the British organized their large task force. The Brits came despite the winter weather and dislodged them with substantial casualties and loss of ships and planes on both sides. The War was a major trauma in the Argentine society. Although the military government greatly increased its prestige and mandate with the invasiothousands were dancing in the streets of Buenos Aireall that gain and much more was lost with the military's defeat. The military not only had to change its leaders, but it had to call for elections and begin the process of turning the country back to the civilian politicians.

Q: And Galtieri was out on his ear pretty soon, succeeded by Bignone?

BUSHNELL: Yes, the military was defeated and in trouble domestically. The tradition in Argentina was that the military would take over, rule for two or three years, and then turn the government back to the civilians. This scenario had happened in a repetitive cycle for nearly a hundred years since the emergence of middle-class political parties. Before that the military just ruled most of the time. General Reynaldo Bignone was appointed essentially as a caretaker to prepare for and hold elections.

Q: There was an election on October 30th of 1983, and his job was to prepare for the election?

BUSHNELL: He announced, almost as soon as he came in, they were going to have elections and then set the time and opened up the political process. It was a free and open campaign and election.

Q: So you were the key guy there during the preparations for that election?

BUSHNELL: I was in charge of the embassy during the elections, but we had little to do with the elections. To back up, one of the first issues I had in Buenos Aires, aside from internal embassy morale issues, was sort of humorous although quite seriouthe prisoner exchange. The British had whatever it was, some 10,000 Argentine soldiers captured on the islands, and the Argentines had two British pilots whom they'd shot down. The Argentines had proposed that they just exchange, but the British were having none of that. Ten thousand for two was an awkward proportion, especially when you were the victor. Although, as far as I could see, the British didn't really want to keep these men and pay to guard and feed them. There were no appropriate prison facilities on the islands, and taking this number back to England would have been expensive. Still, the British could not bring themselves to make the exchange, nor did they have an alternative proposition, although there were some noises about seeking the release of British property and companies intervened by the government in Argentina where Britain had been the second or third largest investor. Washington did not want to get involved, wisely avoiding the middle between Argentina and Britain. Both the Argentines and the British Interests Section, which continued to operate out of the former British Embassy, pressed our embassy to help resolve this issue.

At one point I was talking with a senior British diplomat in London, with whom I had dealt for years, to clarify something. Really humorously, although sometimes your best diplomacy is accomplished with humor, I told him I didn't see what the problem was. He said, “What do you mean you don't see what the problem is? Ten thousand to two.” I said, “I thought you told me one night over a pint that any day of the week one British soldier was worth 7,000 Argentines, and you're getting two.” He said I was exaggerating, but then he said, “Can I quote you in Cabinet?” I said, “Sure, if it solves the problem.” Maybe it would have been solved anyway, but the prisoner exchange then went forward. Then our main issue was to try to reestablish some basis for constructive relationships with the Argentines, who didn't want to have anything to do with us. It is not easy dealing with a defeated military government which blamed us for its defeat.

Q: Was Shlaudeman still there?

BUSHNELL: Harry was still there. The Argentines didn't PNG Shlaudeman. They found something worse for him. What they diremember it was a military governmenwas ban Harry from all golf courses. Harry, who lived to play two or three rounds of golf a week, could not play golf. He was not allowed on any golf course; he was not a happy camper.

Q: That does sound like cruel and unusual punishment.

BUSHNELL: I don't know if Harry would have chosen the golf ban over being PNG. Moreover, it was virtually impossible for him, or for any of us, to meet with anybody in the government for a while. Since I had just arrived and since many Argentines, especially in the military and foreign ministry, perceived me as a friend of Argentina from my days in Treasury and ARA, some senior officials would meet with me. I hadn't been involved in the Malvinas mess. Many remembered a Jack Anderson report on a leaked memo I had signed recommending Argentina get an Export Import Bank loan.

We had some difficult issues. The Argentines threatened to stop Pan Am and Eastern from flying to Argentina, although we still permitted the Argentine airline to fly to Miami and New York. After I had arrived, they did stop their flights briefly. There was great time pressure to resolve this issue because PanAm and Eastern had lots of Argentine employees who continued to be paid, and the airlines were losing lots of money every day. Eastern had taken over the former Braniff operation earlier in 1982. Buenos Aires was a base for their stewardesses and pilots as well as the ground staff; they had hundreds of Argentine employees whom they couldn't keep if they weren't going to fly to Buenos Aires, especially the former Braniff employees, whom Eastern may have wanted to get rid of anyway. These Argentine employees were our pressure point, something to bargain with. Also, in my view it didn't make sense for us to allow their airline into the U.S. if they wouldn't allow our airlines into Buenos Aires. I could never get anybody in Washington actually to say Argentine flights would be stopped because we have to go through a nightmare of

procedures to stop an airline flying into the United States. However, I mentioned that such disparities between U.S. and Argentine airlines was not something that could continue and that, if the Argentine airline were denied US entry, it would be a long procedure before it could ever resume. The Air Force Officers who were dealing with this issue in the Foreign Ministry seemed to appreciate this point. I helped the US airlines get stories in the press about the number of workers who were about to lose their jobs, often after careers of many years. Concern for these jobs quickly built pressure, and we fairly quickly got rights for the American airlines to fly again.

Some other US businesses also had problems with the military government; it seemed I had quite a long list for discussion at the Foreign Ministry and at the Economic Ministry. In the case of some companies it was not clear whether they were UK or US, such as Shell Oil where the home company was clearly Anglo-Dutch but most Argentine operations were under a subsidiary incorporated in the States. British companies were intervened, which meant an Argentine official had to approve major decisions and assure that no money was sent out of Argentina. In some cases we had a convincing argument for a company being considered US and not British. In others, such as Shell, our argument was at best legalistic, and we did not make much progress.

The Argentines, of course, had big economic problems, especially after the Mexican debt crisis. I quickly established a relationship with the senior people in the Central Bank, some of whom I had known over the years, because they really wanted to discuss the debt issues and understand how the U.S. and other countries were dealing with the problem.

After I had been in Buenos Aires only about three weeks we got a decision that dependents were allowed to come back as the security situation seemed to be improved. I had to go to a Panama Canal Meeting in Panama, and I continued to Washington for a few days consultations and then took my family to Buenos Aries toward the end of July. Senior management at PanAm in the States, pleased to be flying to Buenos Aires again, heard my family was flying down; when we got to the airport, Pan Am upgraded all five of us to

first class. From Miami, for the overnight flight, we took half the seats in the upstairs 747 compartment. My three teenage sons began to think going overseas was not so bad.

Q: How long was Shlaudeman there?

BUSHNELL: I worked with Harry for a year.

Q: Did they let him back on the golf courses?

BUSHNELL: Eventually. After a few months he sort of snuck back onto one golf course as part of a large party. Gradually he was able to play at least some golf courses.

Q: Of course, he had a reputation of being a pretty good ambassador. He knew Latin America, had been around a long time.

BUSHNELL: Yes. He was probably our most experienced Latin Americanist. The following Jul198he was asked to head the staff for the Kissinger Commission on Central America. He was telephoned and asked to take that job, and he left the next day because he wanted to get to Washington to select the other staff members and not have somebody else select the staff for him. The Argentines were fully engaged in the election campaign by that point.

Q: The election was October 30th. And Shlaudeman was not replaced for some time?

BUSHNELL: I was charg# for several months before Frank Ortiz was nominated and confirmed. Harry went to Washington for a month or six weeks, then came back for a week of going-away parties and packing. Ortiz was approved just before Congress went on recess in November 1983. He arrived after the election but before the inauguration in December. I was in charge during the election period.

Q: How was the election?

BUSHNELL: The main issue was would the military allow a free and open election and would they allow the person elected to take over even if it were the candidate less sympathetic to the military. There are two major parties in Argentina: Peronists, the party established by Juan Peron in the 1940's and supported by most labor organizations, and Radicals, largely a party of the urban middle-class. The Peronists are often authoritarian, and the military were more comfortable with them.

Q: The Peronist ticket was headed by Italo Luder?

BUSHNELL: Italo Luder was the candidate, a moderate lawyer. The Radical ticket was headed by Raul Alfonsin. The election was free, and there was plenty of debate. Various groups tried to get the U.S. involved or present us as favoring one candidate or the other. My challenge was to support the return to democracy but to be absolutely neutral between the candidates. We had to be careful about even visiting candidates to avoid speculation on a possible U.S. role. The opinion polls leading up to the election indicated that it would be close, but most polls showed Luder winning. There were no significant problems on election day. I drove around the city and saw several polling places. At some there were long lines in late morning and early afternoon.

Q: The odds had been that Luder was going to win.

BUSHNELL: Yes, Luder was favored but there were some pundits who thought the Radicals could win. In a country team meeting not long before the election, I did an informal poll of what officers guessed the outcome would be. Of course, political officers did not count any more than consular and administrative officers. The majority thought that Luder would win, which is where I put my hand up, but a significant minority, maybe a third of the country team thought Alfonsin would win.

Q: So what did you think of Vallimarescu in USIS?

BUSHNELL: Let me finish the election story. One of the challenges for the Foreign Service is to use all the tools of quiet diplomacy effectively to attain our objectives when there is not a crisis and there is not much if any guidance from Washington. The US objective in Argentina for years had been a return to democracy. We didn't really care who won, but we wanted the election to happen, and we wanted the elected person to take over. The threat was that the military would either stop the election or, more likely in my view, not allow Alfonsin to take over if he won. Thus I tried to mobilize all the resources of the country team to encourage compliance with the electoral process. For example, our military officers, both the attach#s and the military group personnel, stressed to their counterparts how essential moving to an elected government was to normalizing our military relationships and restoring the supply line of spare parts for the American equipment which was the backbone of the Argentine navy and air force. USIS prepared and placed stories on the return to democracy in other Latin American countries and the consequent benefits in investment and other relationships. I used my contacts with the Radicals to suggest that they make contact with military leaders to give them confidence that a Radical government would not try to eliminate the military as an institution. Many Argentines did not consider us a friendly country at that time, but we at least had a lot contacts through whom we could get our message across and plant seeds that might strengthen the democratic process.

I went out of my way in my first year in Buenos Aires to meet most of the senior military officers, including some who had retired. I mentioned Viola, whom I'd seen with Haig in Washington, who was then retired. He would come to my house for lunch, just the two of us, and he would tell me what the senior military were thinking. He could also plant ideas with the active-duty military, because, after all, they all worked for him at one time. By the end of 1982 the attach#s could attract middle-to- senior level officers to their parties. I often went to these parties to meet these officers and advance my own understanding of what they were thinking. I developed a number of examples of how civilian control of the military in the U.S. benefitted the military, and I repeated these, it seemed endlessly. I also

cultivated several civilians who, although they held no official position, were close to the most senior military.

About a week before the election, a businessman Peronist, who had been to my house several times, called me and said the First Corp commander really needed to meet with me. Argentina is divided into four corps, which are regional army headquarters, and virtually all fighting forces are directly under the control of one of the corp commanders. The First Corp is the most powerful for two reasons. First, the corp is headquartered in the Buenos Aires suburbs and is responsible for the capital of the country, the site of government and the richest area. Second, the armored division which had most of the tanks was part of the First Corp; traditionally any coup would be led by the armored division and the elite troops stationed in and around Buenos Aires. I had not met the First Corp commander, who had a reputation of being hardline and not moving outside his immediate military circle. I agreed to meet him at his headquarters at his convenience. I knew he had something serious to discuss when the intermediary came back with an invitation for me to have dinner alone with the general in his personal quarters. This dinner a week before the election was the only time in my five years in Argentina that I dined alone with an active duty general in his personal quarters. It was a difficult moment, a real test of quiet diplomacy.

It was clear, once we quickly got over the formalities, that the general was mulling in his mind whether or not the military could live with an Alfonsin government. I could tell that he was under a lot of pressure from other military officers who thought a Radical government would be a disaster. He wanted me, first of all, to assure him that Luder was going to win. Of course, there was no way I could. I said Luder was my guess, but elections are tricky things and you can't tell. He went through all the problems a Radical government might create for most of dinner. I mildly countered some of these, but it was clear the concern was more emotional than analytical. Finally I said to him I really didn't understand, although I'd been listening carefully and was sympathetic, why he was so concerned. He said, “Why is that?” I said, “It is my observation that Alfonsin and the Radicals don't have

any guns and that you, the army, have all the guns, and after the inauguration Alfonsin still would not have any guns. You will have all the guns. So Alfonsin's options vis-#-vis the Army are limited. If he is elected, he's got a popular mandate; you can't just disregard him; officers will have to leave civilian positions; the Army budget may be cut some, but you have a strong position, and you should have confidence in the Army's position." He explained that the military had had to throw out every Radical government in the history of Argentina, and he said he did not think the Radicals had changed; they hate the military. I said I was quite sure the Radicals had changed in one respect. The Radicals were at least as aware as the military how all previous Radical governments had ended, and they would work hard to complete their five years. I was able to tell him that I had discussed this issue with several Radical leaders, but not Alfonsin himself, and they knew they would have to work with the military to strengthen the institution in the light of recent events. I hoped my Spanish was good enough to get across the subtle Radical position; the whole evening was of course entirely in Spanish, as was usual for us in Buenos Aires.

Typically for Argentina this dinner was called for nine o'clock. We were just finishing dessert when, about midnight with military precision, the general's wife and either her sister or his sister-in-law arrived and pressed me to join the three of them for coffee. With almost no formalities the conversation continued on politics. The wife obviously was convinced there had to be a military coup and apparently thought her husband would have convinced me by that time. It was with great, but private, satisfaction that I sat there and listened to him give my argument to his wife. He said, "You know, we've got the guns and the tanks. After December [inauguration] we still have the guns and tanks." I don't think she was convinced, but it was clear I had gotten through to him. I do not know when I have felt so mentally exhausted as on the long drive home that evening. Although there were lots of coup rumors during the next couple of weeks, there was never a move by the military and the election went off peacefully, and a new government came in. Intelligence reports indicated various coup plotters could not get support from the First Corp. It was obvious to the new government but apparently not at all obvious to Washington, despite

our specific and detailed reporting, that the big issue was to keep the military in the barracks.

Q: Another example of 'do they read our cables in Washington?'

BUSHNELL: I do not think the problem was that Washington was not reading our cables; the problem was the mind-set in Washington where civilian control of the military in a democracy is taken as a given, not something that you have to work hard to preserve. Once we accomplished a part of the US objective, which was to have an open and free election with a civilian government installed, we needed to figure out how to help this new government stay in power and not be thrown out by the military. Moreover, we had other objectives which depended on the success of democracy. I used to sum up for our many Congressional visitors to Argentina favorite place to go in January when it's warm there and cold herthat we had five objectives in Argentina, not necessarily in priority order. First was to avoid a military coup and help Argentina develop a tradition of democratic government. Democracy was not only an important objective in itself, but it was also the route to accomplishing our other objectives. Second was nonproliferation, because the Argentines had one of the most advanced nuclear programs in the world and the potential to build nuclear weapons within a few years and even to export them, or to export the technology. They were training nuclear scientists from both India and Pakistan, for example. There was a hemispheric nuclear safeguards treaty, but Argentina was one of the few countries that had not signeArgentina and Cuba. Brazil, which also had an advanced nuclear program, but not so advanced as Argentina's, had signed but not ratified.. The nuclear program was a Navy program in Argentina. The only way we would ever get the Argentines to change their nationalist nuclear policy was through a civilian elected government. Thus democracy was also the route to making progress on nonproliferation.

The third US objective was to improve human rights where they had recently been very bad; again a democratic government was the best assurance of good individual human

rights. The fourth objective was to avoid an Argentine default on the large external debt. Following the Mexican debt crisis, there was concern that defaults by Argentina and one or two other large debtors could seriously damage the largest US and world banks and spark a worldwide crisis and recession, along the lines of what happened in the 1930s. The issue was to manage Argentine economic policy and thus the debt in a sensible way to avoid a default as part of the worldwide IMF-coordinated arrangements to lengthen debt maturities and keep interest rates reasonable. The fifth US objective was to avoid destabilizing regional wars. Argentina had nearly gone to war with Chile in 1978 and had fought the UK in 1982. Thus peace was by no means a given. Again democracy seemed the best route to assuring Argentina did not embark on new foreign adventures.

I would sum up our objectives as no coups, no bombs, no disappearances, no debt default, and no more wars. With the opening up of the country and the reduction of police powers under an elected government, substantial amounts of cocaine from Bolivia and other drugs began moving through Argentina. I then added a sixth US objectivno drug smuggling. Although Argentina was seldom on the front pages of the US press, we had an important agenda in the Buenos Aires embassy with major economic, nonproliferation, peace, and human rights issues in play. The only way we were going to make progress on all these objective was by getting a democratic government, working with it, and keeping it in power.

Quickly after he was elected in October 1983, Alfonsin named his cabinet or at least much of his cabinet, and he named his main political operative, who really won the close election for him by organizing supporting groups in the provinces, as Defense Minister.

Q: Who was this?

BUSHNELL: Borras was his name. As soon as he was named, I invited him to a private lunch at the DCM residence [I seldom used the ambassador's residence to entertain when I was charg# except for the largest functions]. He started right off by saying he

knew nothing about what a defense minister does. He was a politician, and a good one I might add, a builder of compromise and coalition. Alfonsin had said to him, “Our biggest problem is the military, so I'm going to put my best man in the defense ministry.” We talked extensively about how to organize the ministry, how civilians might relate to the military command structure, and how gradually to take control, recognizing that the military has the guns. He came to lunch several times because he said our discussions gave him ideas. I noticed that he smoked one cigarette after another although he did not otherwise appear to be a nervous man.

Q: Clearly the new government had monumental problems at that point and into 1984.

BUSHNELL: Yes, the new government had major economic problems; the military issues were very difficult, especially the question of punishing the military for past human rights abuses. Moreover, the Radicals had been out of power for a long time; lots of Radicals wanted jobs, and not all of them were honest. The U.S. had major interests riding on the way they solved these problems. This type of situation is where an embassy, through what we might call traditional non-crisis diplomacby what people on the ground can do that people from a distance can't dcan make a big difference. That's why I wanted to develop relationships to promote civilian control of the military. I looked for guidance from Washington on techniques to build civilian control gradually, but I received next to none. Thus we had to invent this wheel as we went along. I did get outstanding support when I made a specific detailed recommendation. For example, I said, “We need a political military officer in the embassy, a civilian, a State Department officer, not just another military. We have attach#s, we have military group advisors, and they do their jobs well. But US civilian control of our military is not demonstrated in these all military offices. I want a civilian, a State Department officer, whose job will be to build contacts and report on the civilian-military interface, to get to know the military and the civilians in the Argentine defense ministry.” If we were going to play a role in protecting democracy, we were going to have to have people to play this role. I was very quickly given the position, although positions were generally being taken away at that time. A good officer, Jim Carragher,

was quickly assigned, and he did yeoman service supporting our efforts to develop civilian control of the military.

Fate did not make it easy to build a lasting relationship with Argentine Defense Ministers. Within a year Borras died of lung cancer, probably caused by his endless smoking. Alfonsin then appointed Carranza, who had been his minister of public works, a person I had known for a long time. He was an economist who had worked in the IDB, and I was close to him. Nine months later he died suddenly of a heart attack in his swimming pool. Herman Lopez then became the third defense minister in the first two years of Alfonsin's term. Fortunately Borras had brought a younger lawyer from the country to be his deputHoracio Juanarena. When Ambassador Ortiz and I first met with Juanarena right after the inauguration, the ambassador commented to me that Juanarena did not know anything about the military and seemed quite anti-America. However, Borras asked me to work with Juanarena and help him master the job. Juanarena became my most frequent luncheon guest; as my wife says, he ate lunch at our house almost as much as I did.. I soon came to like him. He was reserved but had good judgment. Every couple of weeks we would have lunch at my house or meet, just the two of us, at the ministry. We agonized over the many problems of managing the civilian/military interface; in effect we invented the wheel of gradual civilian control together. Fortunately he stayed in the deputy position as we attended one funeral after another. Finally, as Lopez was not getting along with the military, Alfonsin moved him to be Minister of the Presidency and made Juanarena the Minister of Defense. He had developed over this time a very close relationship with Alfonsin. I guess I succeeded in what Borras had asked me to do.

To pursue this story of civilian control of the military a little bit further, George Bush, the Vice President, led the US delegation to the inauguration in December 1983. The Argentines suggested that, after the official inauguration ceremonies, we go to the president's residence for a bilateral meeting. They also suggested we break into three groups because the US delegation was large and multiple meetings would allow them to cover more issues. Bush would meet with Alfonsin, with ARA Assistant Secretary Motley,

Ambassador Ortiz, the Foreign Minister and a couple others. There would be separate meetings on defense and on economics. Finally, we would all meet to review progress.

In 1979 in ARA I introduced the policy of sending the CINCSO [Commander in Chief Southern Command] as a part of our official delegation whenever a freely elected civilian government took over from a military government. Such changes happened in several countries while I was in ARA. Putting the CINC on the delegation was a way of showing our support for civilian control of the military. At the same time, the CINC could make clear that under a civilian government military to military relationships could be stronger than when the military controlled the government. In Latin America it was a strong symbolic gesture. This practice had become institutionalized, so the CINC came to Buenos Aires as part of the VP's delegation. In fact, he stayed at my house.

I decided, although we had a lot of big economic issues, I could catch up on those later, and I would go to the military meeting because I didn't know how that meeting might proceed. Oliver North was on the delegation. His issue was that he wanted the new democratic Argentine government to increase Argentine support for the contras in Nicaragua. As I described before, the Argentine military had been supporting violent opposition in Nicaragua because they wanted to get at the Argentine Montoneros even before we had done anything of a covert nature in Nicaragua. I'd already had numerous conversations with the incoming foreign and defense ministers and others, and they didn't know anything about Argentine military activities in Central America which were, of course, all covert. I had discussed Central America extensively with the Foreign Minister who was strongly opposed to US covert activities in Central America and certainly wouldn't have approved any such Argentine activity let alone an expansion of such activity. My assessment was that expanded covert action would be a resignation issue for him.

As usual we had a delegation meeting that the Vice President chaired; we particularly discussed what we were going to do in the military meeting. I argued strongly that we shouldn't surprise the new government by raising covert activities in Central America.

I said it would be counterproductive for us to press this issue before the civilians even heard about it from their own military. North argued strongly that the VP should press for help from the Argentine military because it was needed in our Central American struggle. I countered that we should build a base for such a difficult request by showing our cooperation on economic and bilateral military matters first and not risk what support we were already getting by prematurely pressing the issue. Finally the Vice President, despite North's heated objections, overruled him and said we would not raise it.

We did not have many constructive things to raise in the military meeting. We had cut off virtually all military exports to Argentina, and we would change this policy with an elected civilian government. But we had little or no money in the pipeline to finance training or provide credit for military supplies, and the Argentine budget was very tight because of the economic crisis. I suggested something very simple. Sometimes the simplest things give the biggest benefit. I said, “We ought to give a commitment, now that there is a civilian defense minister, that we will not do anything involving the Argentine military without the prior approval of the civilians in the Defense Ministry. Any training or maneuvers we might do with the Argentine military, any supplies we might send, any export licenses we might approve, any slots we might offer for training will only be done with the civilian minister's or his deputy's approval. We won't do anything just army to army, navy to navy among the military.” Nobody in the US delegation raised any objection, and the VP said he liked my idea even before I had a chance to stress it would be a cornerstone of our help in assuring civilian control of the military. Because I knew such a commitment would be important for the new government, the quick, almost unconsidered agreement was for me one of those positive experiences which one gets to enjoy only occasionally in diplomacy.

I went to the military meeting with Defense Minister Borras and his Deputy Juanarena, whom I met then for the first time, and a couple of other Argentines. I kept waiting for the CINC or somebody else to make the offer of checking everything with the civilians. I was the only civilian on our side of the table, and I thought it was best if the CINC or another military officer made the offer. However, after about 40 minutes, mainly spent clarifying

the role of the CINC, when nobody else was raising it and the meeting was fast coming to an end, I decided we couldn't let this agreed offer go by. I told them that we would coordinate completely with the civilian ministry and only with the defense minister and his deputy before we would do anything with the Argentine military. It was obvious that Borras was just delighted. Soon we broke up and went in the other room where we had a couple of minutes with Alfonsin. As that meeting was breaking up, Borras came over in his very politician way and put his arm around my shoulderI had already had two or three lunches with hiand he said, “John,” in Spanish, of course, “you just gave my government the best gift another government could give at an inauguration.” For a moment I didn't even know what he was talking about. Then it dawned on me. Every Radical government in this century had been thrown out of office by the military, every single one. Thus what they saw as help in their interface with the military was the greatest thing we could do for them, even though it was simple for us.

Interestingly, although this commitment to work through the civilians in Defense had been something we basically invented on the fly in Buenos Aires, State, Defense, and all military services gave full and consistent support to it. There was endless cable traffic back and forth, because every week without fail the military from the Argentine embassy in Washington marched into the Pentagon and asked for something simple. Usually they were told that there wasn't any problem with supplying whatever it was but the Argentine military had to get it approved by their minister of defense. But the military in Buenos Aires did not want to put themselves in the position of asking for civilian approval of what they thought was military business. This dance went on from January until July or August, and, as far as I know, we never had a slip; we didn't give anything. The US military, I must say, completely followed the guidance from State. Finally, the Argentine military went to the defense minister and asked him to send the list of what they wanted, spare parts and training, to us at the embassy. The minister, with encouragement from me, agreed to everything on the first list. Once that channel was established, everyone found it quite easy to follow the civilian approval procedure. Perhaps it was mainly symbolic, but for

the U.S. it illustrated on a continual basis our support for the civilian government and real civilian control of the military.

Q: At this point I understood also they did drastically cut military appropriations and they transferred control of heavy industries from the armed forces to the civilian sector.

BUSHNELL: Yes, they did. However, both budget cuts and privatization of the military-owned industries was a gradual, incremental process.

Q: They got away with it.

BUSHNELL: It was not easy, but the overall context of what was happening in Argentina made it possible. In order to manage its big economic problems, the Alfonsin government had to cut the budget everyplace. Their rule was that the military and most civilian ministries shared more or less equally. The military budget was cut back by about a third, but so was virtually every other ministry's budget. The cuts were more acceptable to the military because they were driven by the economic situation, not opposition of the Radical government to the military. Borras and Juanarena worked with each service to help it cut what it believed were the least important functions, even when the military had what seemed an odd sense of priorities.

Q: Before we discuss the economic, there were other political things. They prosecuted former junta members and launched a major investigation into the fate of those who had disappeared.

BUSHNELL: The issue of punishing the former military leadership, and even men well down in the ranks, for what had happened during the dirty civil war was the most sensitive nerve. There was great pressure from the Mothers of the Plaza and other human rights groups to identify and punish the military personnel involved. Most Radicals shared the view that punishment was appropriate, but Alfonsin and the leadership of the Defense Ministry generally gave priority to staying in power over punishing the military for past

deeds. The fact that Borras and Juanarena with Alfonsin took the lead in protecting the military avoided the military focusing against the Radical Government.

Q: But all of this was right away.

BUSHNELL: No, it was gradual. Every year there were more cutbacks in the military budget. I don't think they were a third down until 1986. The military personnel in the civilian ministries departed right away. Having military in these ministries was a feature of a military government, and the military was accustomed to losing these jobs when a civilian government took over. Getting rid of the so-called military factories, most of which produced civilian products sold commercially, was a very gradual and often painful process. Because most of these military factories were inefficient and losing money, the Defense Ministry made them compete with military salaries and equipment expenditures for the scarce budget money. Thus the generals began to want to get rid of the factories to keep their fighting forces. At one point I suggested to Juanarena that he establish a procedure so that revenue from sale of factories or surplus property could be used by the military for equipment purchases or funding military pensions. He wanted to establish such an incentive structure but initially could not get it approved by the economics minister who grabbed every peso he could get his hands on. Over a leisurely lunch at my house, I was able to explain to the economics minister how such a procedure would accomplish several objectives in making the military less powerful and less expensive. It was then approved. Reducing the military factories was a slow process, and they're still not out of weapons production.

These problems were easy relative to the political and legal questions concerning punishment of the military. The issue was not just punishing the top leaders who were now retired. Most of the human rights abuses were actually carried out well down the chain of command, and officers who had been perhaps captains in 1976 might now be majors; the sergeants were also still on active duty. This issue was perhaps Alfonsin's greatest challenge. The first thing he did on being elected was to try to punt. He said,

“We're going to have a commission to investigate the disappearances. Nobody knows how many disappeared there were. Let's get the facts.”

Q: Estimates of up to 9,000.

BUSHNELL: The human rights groups and the political left used numbers of 30,000 and sometimes more. It turns out there probably were about 9,000. Alfonsin named a commission, called the Sabato Commission after the head of the commission. The commission developed a detailed list of the actual disappeared and something about the circumstances. There was a great debate about what, if anything, to do to punish the individual military who might be shown to be responsible. The military argued that everything that happened was part of defending the country in the dirty war. Human rights groups argued that many military should go to jail for a long period. The military government, before it left office, had issued a law which pardoned everyone acting for the government. To prosecute anybody, the court would have to overcome that pardon, which was a complex legal issue, but courts eventually began to find ways around that law. After a couple of years the Alfonsin Administration and the elected Congress passed a law, called the Final Point, which essentially pardoned all but the most senior military acting as part of the institution. A few cases were brought into the courts where it was argued the acts were outside the scope of this law, but the courts generally found for the military. There were many legal debates. While I was there, a few of the most senior military officers were tried and were sentenced to long prison terms. Essentially no one was tried who was still on active duty. Later President Menem pardoned the senior military who were in jail; most were actually under house arrest because they were by then senior citizens. More recently, grounds have been found to try military involved in taking the babies of those who disappeared and a few others. The legal struggles still go on in the courts and in the press. Alfonsin managed this problem well, keeping the loyalty of the active military by allowing much negative publicity but little punishment.

To understand the political/military situation one has to understand the Argentine military, which is a cast apart. Many Argentine military officers began in a military preparatory school at grade one and went through grammar and high school in military schools. Then they went to a military academy. Their whole education was military, and they seldom associate with people outside the military circle.

Q: I think Peron went through that kind of education, didn't he?

BUSHNELL: Yes, Peron went through it, and Videla, Viola, Galtieri all went through this system although some may have begun only in middle or high school. Once an Army officer graduates from the academy, he is normally assigned to one of the remote posts on the border of Chile or Bolivia. Everywhere the most junior officers are assigned to the least desirable posts. Perhaps the system is similar to the assigning of most junior FSO's to consular work in developing countries. The only eligible young educated women in these remote posts are the daughters of the colonels and the majors. So many of these young officers marry daughters of military. There is another military family. Before long they send their sons to military schools even when they're transferred close to Buenos Aires. There is little communication between the military and civilians, even with the civilians who are strong supporters of the military. Juanarena, who was the vice minister of Borras at the beginning of the Alfonsin Administration and eventually became the defense minister, told me that before he became vice minister of defense, he had never in his life had a conversation with a military officer. Never. That is how distant the military was from the civilians.

I tried to begin a long-term process to bring the military and civilians together. I used the USIA visitors program, for example, to send up mixed groups of senior military, civilians from the defense ministry, and civilians from the universities to see our ROTC programs. I pointed out that the military academies did not provide training in management, accounting, science, and other specialities needed in a modern military and suggested some officers go to the civilian universities for at least part of their education. Such training

began, and now, for the first time just recently, the Argentine military has decided that one year of the military academy is going to be in civilian universities. They did disband, as part of the budgetary cutbacks, the military grammar schools and some of the high schools, which had been part of the military budget. Thus the next generation of military officers will have had far more association with their civilian counterparts.

We were able to help this process of the civilians gaining control of the military in many ways. For example, to help with the budget problems, we ran PPBS exercises; the planning, programming, budget system was the state of the art budgeting/programming system introduced in our Defense Department by the whiz kids in the 1970's. We called our work training the Argentines exercises because that way we could send our military to participate at no cost to either the Argentines or our very limited military assistance budget. Some Argentine military even went to the U.S. to train or exercise with our experts. The Argentine military were very interested in learning and applying this planning system. Moreover, it allowed them to identify areas of their budget where cuts could be taken without much reduction in military capability. Working with the very small group of Radical Party civilians in the Defense Ministry, we found a lot of ways we could draw on US programs established for quite different reasons to strengthen civilian control over the historically independent Argentine military.

I also worked on the other side of the equation, trying to get Argentine politicians and everyday citizens more in contact with the Argentine military. We normally had at least one representational dinner at the DCM residence each week, and I tried to include one or two Argentine military couples whenever possible. Many times other Argentine guests commented that they had seldom, if ever, had a chance to converse with senior military officers and they surprisingly found my guests quite reasonable people. Working with the political section, especially our new political/military officer, we encouraged the Congresspersons on the military affairs committees to visit various military installations. Juanarena had military officers assigned to the Defense Ministry organize such tours and work with the Congressmen. When we had a chance, which was fairly often, I and

other Embassy officers would urge various civilian groups to reach out to the military in a positive way. We got editorial and opinion piece journalists to approach the Defense Ministry for background on stories and Juanarena to have military officers from all the services assigned to the task of improving civilian understanding of the military. I even got the Banking Association to invite military to participate in some of their seminars on less specialized topics. I worked with the Argentine Council on Foreign Affairs to invite active duty military to their programs in significant numbers and to provide speakers to military schools.

Q: What is incredible is that while you were dealing with all these political and political/ military issues, there were all kinds of economic interactions here and the Argentine government was grappling with a mounting economic crisis, a severe depression, huge fiscal deficits, runaway inflation, staggering foreign debt, and general strikes and protests against the economic austerity measures. This must have been especially interesting to you as an economist.

BUSHNELL: Yes, the economic problems were immense, interesting, and important to the United States. As there are only so many hours in a day, I frequently had to set priorities for my time. I adopted Alfonsin's guiding principle that the military was the biggest threat to democracy. Thus I gave priority to the military issues, but the second priority was the economic situation.

Q: The several thousand percent inflation was apparently comparable to that in Germany after World War I.

BUSHNELL: Yes, it almost got that bad, but it never reached the point where money became virtually worthless. Inflation was substantial even when I arrived, driven by war spending and the military's disregard for the size of the budget deficit. When I had been in Buenos Aires just a couple of weeks, before my family had comJuly of 1982, one Friday my cook said to me, “I need some money to buy food and other things for the house.”

I guess I hadn't had time to exchange much money at the embassy that week. I said, “I'm a little short right now, so I'll give you money on Monday.” She sort of gave a look of resignation and said, “The grocery prices will be a lot higher on Monday.” That's inflation. The prices literally went up every day; of course the exchange rate moved every day too so those of us paid in dollars were really not much affected. When my wife arrived and began helping with the shopping, she told me that several clerks in the grocery store spent full-time marking up the prices on the individual cans, bottles, and packages. During the inflation crisis periods the same can might be repriced several times a day. In 1983 consumer inflation was 434 percent, and in 1984 it was substantially higher.

Q: How did people adjust to that kind of situation?

BUSHNELL: One thing everybody did was to think in terms of dollars, because otherwise you had no reference point. If you had bought a shirt several months ago and paid 10,000 pesos and now it's 25,000, you don't know if its now cheaper or more expensive. You have to think that, when I bought it, my 10,000 pesos was worth 50 dollars and now my 25,000 pesos is worth 60 dollars; thus the shirt is more expensive. People did a lot of thinking in dollars, and major transactions such as selling a house tended to be quoted only in dollars.

Q: But also you just get rid of the local currency as fast as you can. I was in Chile in the late '50s when inflation was 60, 80, 100 percent, and of course people kept inventories of goods and people would start to build a building and get halfway through it and go bankrupt.

BUSHNELL: Correct. People would spend their wages the same day they got paid, and credit was very hard to find. Families would stock up on groceries. Other purchases would wait for payday. Some merchants continued to extend credit for a few days so purchases could be made before pay-day and the merchant paid on pay-day. Amazingly, despite this long period of inflation in Argentina, many of the institutions which one would expect to change didn't change. For example, there was not a great demand to get paid daily

or even weekly. Most Argentines continued to be paid twice a month. Some, including much of the public sector, were paid only monthly. Perhaps the fact that Christmas bonuses were generally an extra pay discouraged people from demanding more frequent payments, risking getting smaller bonuses. Despite the various ways of adjusting to continual rapid inflation, such inflation is very disruptive and reduces productivity in any society. For example, the price of gasoline would go up every few days, but the increase would be announced one or two days before. Everyone then rushed to the gas stations to fill up before the price rose. The lines reminded me of the waits for gas in the U.S. during the 1973 energy crisis. Once the price went up, the gas stations had little business for several days. Almost everyone spent, or wasted, several hours a week coping with inflation.

Hyperinflation also has many structural effects. One story that really brings home the point was told me by Maria Julia Alsogary, whose father had been a general, economy minister, and occasional conservative presidential candidate. She was a rising conservative politician in her own right. “With inflation how do you teach kids to save money in a piggy bank? For months they keep putting coins in the piggy bank, and, when they've filled it up after a year, it's not worth anything. You can't teach people to save that way.”

We had few AID problems in Argentina which no longer received significant concessional assistance, but one AID problem illustrates how inflation awards some people windfalls although others are heavily penalized. There was an old AID housing guarantee on money provided by private lenders in the U.S. for home mortgages in Argentina. The mortgages were in pesos, but the lawyers protected AID from inflation and devaluation by providing inflationary adjustments. Every year the mortgages went up by the amount of the inflation, so the dollar value was kept more or less the same. But somebody put in the mortgage contract that the maximum annual adjustment would be 40 percent. People thought, when they wrote these contracts back in 1965 or something, that 40 percent would be a fantastic and unlikely rate of inflation. Well, inflation became a multiple of 40 percent, and in a few years the value of the underlying mortgages was greatly reduced. People could pay off

their mortgage with a month's or two's salary, and many did. The Argentine government bank which was the intermediary then could not afford to buy the dollars to pay the US lender and claimed it did not owe the money because the lender and AID had agreed to the cap on the inflation adjustment. AID had paid the US lender but was still trying to collect from the Argentine bank. After much back and forth with AID in Washington, I arranged for the Argentine bank to make a fairly small partial payment, and AID finally accepted its loss.

Q: Once those inflation adjustments become habits, how do you overcome them and get back to a more stable currency?

BUSHNELL: There are two problems. First there are underlying reasons for rampant inflation, usually large government deficits financed by the printing of money. Unless these large increases in the money supply are stopped, inflation will continue and probably accelerate. Second, there is a psychological problem. If people don't believe prices are going to be stable and change their habits, they probably won't be. A government can take zeros off the money, making 1000 pesos become one peso, but without an effective program to deal with both the underlying problem and the psychological problem inflation will drop for only a couple of months and then start rising again. It was clear to just about every Argentine that Argentina had a tremendous government sector deficit problem. Argentina had great agricultural wealth, but not enough to pay for a greatly overgrown and very inefficient public sector, including a lot of government companies that ran railroads, airlines, basic utilities, and factories. Stopping inflation would require making the government efficient and laying off many thousands of public sector workers. However, in the face of already high unemployment it was very hard to do anything that would put more people out of work. Not to mention the problem of very strong unions, particularly in just the public enterprises where reform was most needed.

These structural economic problems would be hard to deal with in the best of circumstances, and a newly elected democratic government which narrowly defeated

the party supported by most of the unions is far from good circumstances. Yet this was an important problem for the United States. Argentina was the second largest debtor of the major U.S. banks. If the banks lost all the money they had loaned Argentina, the devastating losses would reduce their capital below the minimum allowed by the Federal Reserve and they would have to reduce their loans sharply. Credit would become tight worldwide. Other debtors might also default, throwing the entire world into a long lasting recession. Again the question was how could we use creative diplomacy, the diplomatic tools that we had, to help the Argentines find a way to resolve this immense economic problem.

The Argentines had some pretty sophisticated economists. There were six Argentines with Ph.Ds. from the University of Chicago. Usually no more than one of them was in the government at the same time. Almost all senior government economic policy makers has done graduate work in US or European universities. But the voices of the well educated modern economists did not have much carry; the newspapers and television principally reported economic views of populist politicians, union leaders and journalists. To try to inject more modern economic ideas into the political debate, I ran what I called the Nobel Prize project. Argentines had great respect for Nobel Prize winners in all fields, perhaps in part because Argentines had themselves won an unusual number of Nobels, three or four, mainly in the sciences. Thus I thought that Nobel Prize winning economists visiting Argentina would get a lot of attention in the press and they could lift the level of the popular policy debate. I tried to get as many as possible, and over three or four years six visited.

Q: These were USIA activities?

BUSHNELL: Some came under the auspices of the USIA Visitors/Speakers Program, including two of the most effective, Jim Tobin (Nobel 1981) and T. Schultz (1979). I suggested to the leaders of Argentine Banking Association that they invite a couple to speak at their annual meetings, and we then assisted in getting the Nobels to accept and with the details of their programs in Argentina. Similarly, FIEL [Foundation of Latin

American Economic Studies], an Argentine think tank sponsored by leaders of the largest and more modern firms, invited one. F. Modigliani (1985) was arranged jointly by USIA, the American Chamber of Commerce, and the Italian/Argentine Society, as he was an Italian/American. I would, over dinners and at receptions at my house, bring together Argentine policy and opinion makers with the Nobel professors, and they did get a lot of press play. We encouraged journalists to seek the views of leading Argentine economists on the Nobels, and this tactic resulted in more serious Argentine economists getting into public policy debates.

Q: Who were the other Nobels? Do you remember?

BUSHNELL: W. Leontief (1973), G. Stigler (1982), and J. Buchanan (1986). Also we had other visitors who did comparable programs to promote the debate both within the government and among the public on the deficit, efficiency, and privatization. We had several Treasury officials, members and former members of the Federal Reserve Board, presidents of the New York Federal Reserve Bank. Promoting this economic debate and awakening was a fascinating and enjoyable activity for me. Because many Argentines were bright economists, we had sophisticated economic discussions. Often for these visitors I would give a stag dinner, inviting some of Argentina's best economists from both the government and private sectors. After one does something like this for awhile, the word spreads and invitations to my dinners was highly valued. I would get the minister of economy and/or his deputy and the head of the central bank as well as the best economists from the Peronist opposition and the private sector. Often we'd invite for dinner at nine or nine-thirty, and we wouldn't even get up from the table till two o'clock, as the time flew because of the interesting and challenging discussion. In many cases the visitors didn't know much about Argentina so they couldn't hone in too much, but they could apply general principles, and they were genuinely interested. Here was a country with near record inflation. How do you manage it? How do you get over it? What caused it? How could such a rich country get in such a mess?

One of these dinners had an amusing aftermath. Under Secretary of the Treasury Beryl Sprinkel was visiting in January of 1984, and he had recently had much publicity in Argentina because of his argument that the size of the government deficit did not matter. This argument was to support the Reagan tax cuts, and it assumed the deficit would be largely financed by borrowing from the private sector, not by printing money. However, the Argentine press was focused on his theory and his visit at a time when Argentine inflation was at world record levels. He tried to make the difference between financing by borrowing and by inflation clear in several public appearances including a press conference, although the Argentine press did not seem to understand this difference which was much more than a nuance. That night we had the best Argentine economists from the government and the private sector including the opposition. To promote a free flowing debate, I asked everyone to agree that no one would speak to the press about the substance of the discussion nor say what he or others had said. There was an excellent discussion; no one wanted to break it up, and my staff served several rounds of after-dinner drinks and coffee. The guests began leaving after 2:00 AM. Unbeknownst to me, a group of press had staked out the house; once they had seen several leading economists they knew go in, the reporters were determined to get a story. The next week there was a big spread in Somos, the Argentine equivalent of Time magazine, with a headline, “The Last Supper” and a picture of the front of the DCM residence and one of Sprinkel. The reporters had tried to talk to my guests as they came out, but everyone honored my ground rules. Thus much of the story, aside from background on the guests, dealt with the menu. Two guests said how good the fish course was; others praised the main course; my cook was delighted (she could not have gotten better references). She'd never had such publicity in her life. Somos guessed at what might have been said. I know they were guessing because at least half, including some unattributed quotes, was not accurate. Some of the press tried to imply that the Argentines were getting instructions from Uncle Sam, but they had nothing to base such implications on. In fact the presence of economists from the private sector known to oppose the government's policies undermined their stories.

Q: What was the role of the IMF in this?

BUSHNELL: We all hid behind the IMF. The IMF would not approve drawings for Argentina unless the government promised to carry out a specific detailed program which was viable, meaning the public sector deficit had to be greatly reduced. The private banks and other international financial institutions such as the World Bank would not lend unless there was an IMF program. The Embassy role was basically diplomatic, promoting the intellectual discussion that might lay the basis for a sound program the IMF would support. The US government was not going to provide any money, except for short-term stabilization fund loans or guarantees. US private bankers were in a leading role on the debt because our banks held much of the debt and Citibank chaired the steering group for Argentina. Most Argentines tended to think the US role in the IMF was even more important than it is, and it is fairly important. Thus Argentine officials worked closely with Treasury and the Federal Reserve and tried to convince the U.S. to intervene with the IMF and/or the private banks to help Argentina get whatever it was after at the moment. Often we were helpful, especially with the banks.

Because I had worked in Treasury and knew many of the senior officials of the IMF and World Bank, I was in an unusual position. Treasury and the Fed would consult me to get an on-site assessment of the Argentine situation and to look for ideas that the Argentines might find acceptable to improve their program. At times I felt I was the Treasury Attach# in Buenos Aires, and in some ways I was. Similarly, the Argentines would keep me well informed and exchange ideas because they wanted my assessment of what decision-makers in Washington were thinking, and they welcomed ideas on how to satisfy the power-brokers in Washington. I was in a classic diplomatic position, everyone's friend and confidant but without any decision power. It was fascinating and a great position from which to plant ideas. As there were frequently misunderstandings between Washington and Buenos Aires, I had plenty to do just to keep communications clear.

One afternoon when we were at the decision point on a complicated commercial bank refinancing arrangement and I was trying to smooth details among the parties, Ambassador Ortiz complained that I had all the phone lines in the embassy front office tied up and he couldn't make a call. Assistant Secretary of Treasury David Mulford had called me and then asked to keep the line open to him and his staff for me to report progress. Then Bill Rhodes, who was the Citibank Executive Vice President and chairman of the bank steering group, called to ask me to try an idea on the Argentines informally, and his office then told my secretary they would keep the line open. I had had trouble earlier that day getting to the Central Bank President so I asked him to keep a line open, and I also had an open line to Herman Lopez, whose office was just outside President Alfonsin's office. I don't recall what the minor details were that had to be resolved, but I do recall that I was very frustrated. Citibank would propose some compromise wording, and the Argentines would reject it but propose wording that said essentially the same thing. Citibank would reject that language. At one point I proposed that the Argentines telex their proposed wording in Spanish; then I told Citibank that the Spanish could be translated to be what they had suggested. Everyone then agreed on that point.

Every time it seemed the agreement was done, one side or the other would come up with some change. Finally the banks insisted that President Alfonsin agree personally to a couple of the key actions the Argentines were agreeing to undertake. The Central Bank President and Economy Minister objected because they claimed the President had already approved such actions in earlier discussions with them. The banks insisted. I briefed Lopez, and he called the banks from the President's office. I think he told me he put the President on the phone; at any rate the agreement was then sealed. A diplomat who's on the scene, has made the right contacts, knows the relationships, understands what the US objectives are, and is willing to stick his neck out can make a big difference.

Q: And, of course, this was a time when the major thrust of the Reagan Administration was to encourage privatization and deregulation. All of that was presumably relevant.

BUSHNELL: Yes, although I sometimes wondered if the Reagan Administration was really committed to deregulation. By 1985 there was a lot of talk in Argentina about deregulation and privatization of the public enterprises, but the Alfonsin government was reluctant to make changes that would threaten the jobs of many government workers who regularly supported the Radical Party. I talked to the economy minister and head of the Central Bank and some other senior economic policy makers and said that I'd like to organize a group of senior Argentines to go to the United States and study our experience with deregulation. We'd deregulated trucking; we'd deregulated the airlines. It was our version of privatization, you might say. My idea was to expose a group of Argentines not only to the government side, to OMB which was in the lead on deregulation and had a whole office that was devoted to it, but also to academics who saw where the U.S. might be going and businessmen who had experience as beneficiaries or customers. Moreover, I wanted to get together a group of Argentines from different ministries and from the private sector in the hope that a dynamic might develop among the group that would help Argentine policy formulation. There was considerable enthusiasm among the senior Argentines, and the Ministers selected some of their outstanding career civil servants and at least one deputy minister who was a political appointee. There was a think tank supported by the leading big companies called FIEL [Foundation for Latin American Economic Investigations] which sent its executive secretary. Eventually, perhaps partly as a result of this mission to the United States, FIEL produced a 20 volume study analyzing the potential privatization of just about everythinthe reasons, mechanisms, and benefits. At the time I proposed this trip FIEL, was just beginning work on privatization.

We proposed this study project to Washington through USIA, and I thought such a visitor group would be a welcome piece of cake in an Administration for which deregulation was a major policy thrust. Wrong. The word came back from USIA that it had not done any such programs and did not have any contractors who could do it. I thought this was absolutely absurd. The United States, the great proponent of the private sector, can't organize a visitor program on deregulation and privatization. I wrote a very undiplomatic

cable addressed to the Assistant Secretary for Latin America as well as to USIA Director Wick, who had been down to visit and whom I knew from work on Radio Free Cuba at the beginning of the Reagan Administration.

Q: I would have thought Enders would be supportive of this.

BUSHNELL: By that time Enders had long since departed to be Ambassador in Spain. He would have supported it, and Tony Motley, who was then Assistant Secretary, did support it as did all of ARA and State. Everybody in State was as aghast as I was at the USIA position. Bob Gelbard, who at that point was the ARA Deputy for South America, was assigned to make it happen. ARA sent me a cable right away which said State was working on it and there would be a program; Bob wanted more ideas of particular people and institutions to visit from me, which I sent. Wick, when he finally got my cable, apparently went right through the roof. How could his agency not do a program so much in line with the views of the President, his friend? He telephoned me to say there would be a first rate program and he was going to oversee it himself. Out of the blue he offered to finance it without any charge to the Argentine USIS budget. State got the President's Council of Economic Advisors involved as well as OMB, and a great program was put together.

Except for the FIEL study and the privatization of some of the military-owned industries there were few concrete results by the time I left Argentina in July 1987. But big plants do not grow from small seeds overnight. In the1990's President Menem adopted virtually the entire FIEL plan and privatized everything, even the postal service, the airports, and water and sewerage supply. Argentina has now privatized more than anybody else, even more than the UK or Chile. The Argentine situation now makes the U.S. look like a socialistic country. Of course, it was the desperateness of the situation that forced the Argentines to such extensive action, not a USIA visitor program. But such programs were part of our constructive diplomacy not only in managing the crisis of the moment but in trying to build for the future as well. Moreover, such programs showed the Argentines involved that we in

the Embassy and we the United States were interested in Argentina's long-term progress. The more you demonstrate a shared interest, the more they feel you're on their side. Thus such programs open doors. People are more prepared, even eager, to listen to you.

Q: How about the World Bank and the Inter-American Development Bank? Were they part of this too?

BUSHNELL: At first the World Bank did not respond to the magnitude of the Argentine challenge. Argentina needed to take gigantic steps to improve the efficiency of government and the effectiveness of economic policies. The World Bank can do a lot to help. The Bank can provide technical assistance, but, more important, the Bank can encourage those that want to improve institutions and policies. Then the Bank can structure large financial packages to make painful changes much more acceptable for all except those actually losing their jobs or their special privileges. Perhaps because Argentina was one of the Bank's richest borrowers in terms of per capita real income, the Bank had been content to lend for the usual road, electricity, and similar large projects without much concern with overall economic policies. When I came to Washington in 1984 for consultations during my home leave, I spent a couple days at the World Bank where I knew lots of people working on Latin America and in the President's office. I urged that now Argentina had a democratic government, the World Bank should make a big effort to help improve Argentine economic policies. The IMF was trying hard to get a reduction in the public sector deficit, but it was the Bank that had the experience and expertise to bring about the changes that would make many of the public institutions more efficient and effective and thus reduce the deficit on a permanent basis. I suggested the Bank should stop building better deck chairs on the Titanic and insist on addressing the vulnerabilities of the hull. I suggest the Bank say, “Look, if you'll reform the railroads and get rid of half the employees, we'll make you a big loan for the railroads.”

I talked to quite a few people in the Bank, and they seemed to agree with me in principle. Soon the Bank expanded its study efforts in Argentina to a more comprehensive

approach and began lending for both technical assistance with institution building and for policy improvements. The situation called for such a Bank role, and the IMF and some Argentines had also been pushing it; my role was just one among many. I met with most of the Bank missions to Argentina, often having them to dinner with just Embassy staff. They did good work and laid the basis for real reforms, but President Alfonsin was not willing, or perhaps able, to make big structural reforms. Thus the Bank built for the future with studies, technical assistance, and loans for the most needed projects. It was not until the 1990's that the Bank efforts paid off.

The Inter-American Development Bank had a narrow project approach. The IDB supported broad reform but did not press for it. A couple of times IDB projects missed obvious opportunities for improving economic policies. At one point the IDB was working on a proposal to finance needed electric transmission lines, but the IDB was not including any requirement that the Argentines set electric rates sufficiently high to cover costs or take action to reduce the stealing of electricity from the lines with jerry-rigged hookups. We sent a cable to Washington pointing out the problems, and Treasury successfully suggested the IDB make the appropriate changes.

To go back to one of the biggest issues, non-proliferation, how were we going to make progress on non-proliferation by stopping the Argentines nuclear arms research and getting Argentina to accept international safeguards? It was clear the only way we were going to make progress was if we could interest the new democratic government in taking this on and gradually assuming control of the Navy program. In November 1983 as soon as he had been named, and this was before the arrival of Ambassador Ortiz, I invited incoming Foreign Minister Caputo and a couple of his advisors to lunch. In fact I had two lunches to talk about everything worldwide. Toward the end of the second lunch when I felt we had developed a bit of a relationship - we discovered our wives had the same maiden name, Morel, even spelled the same, I said, “You know, I keep having a nightmare that involves Argentina.” Caputo said, “What's that?” I said, “I have a nightmare that, at the time when all those British ships were gathering off the Malvinas, the Argentine

navy had already developed a few nuclear weapons, and they loaded them, flew out, and dropped a couple of nuclear bombs on all those ships. It was the ideal non-fall-out situation; thousands of miles to Africa before the fallout was going to land on any place that's populated." Caputo's mouth just fell open. When he recovered, he said, "Adios, Buenos Aires. [Goodbye, Buenos Aires]." Dante Caputo is a foreign policy intellectual and very bright and nationalistic. In his thinking there was no question that, if the Argentines had dropped nuclear weapons on the British fleet, the UK would have taken out the city of Buenos Aires with nuclear weapons. I don't myself think that necessarily would have happened. But it was certainly a possibility. Most helpful to us, it was Caputo's perception. He asked how close his military were to having nuclear weapons. I professed not to know but said they had all the science and only needed to perfect a few manufacturing techniques and assure the proper fuel. He said his government would have to address this issue on a priority basis. Soon thereafter he assigned it to his principal deputy who had a science background, and we worked together to make progress.

Occasionally when I would see President Alfonsin, although I never told him the nightmare, he would ask me, "John, how's your nightmares?" Thus my imagined nightmare served to focus the new democratic government on a major problem as well as to build a cooperative relationship on it with us. The Alfonsin government gradually got control of the nuclear program. I worked with Juanarena in the Defense Ministry to slow and eventually stop the Navy program. The Navy argued that the thrust of its nuclear program was toward building a nuclear submarine and perhaps other nuclear ships. This direction was certainly better than weapons development, and Juanarena initially encouraged it while tightening the budget. Within a couple of years the Navy project reached the stage of needing large investments to start construction. I suggested that Defense make the Navy compete its nuclear program against not only its other potential investments but also those of the Army and Air Force. The PPBS system our military was teaching the Argentines helped in this exercise. In effect the Army killed the Navy's nuclear sub program to protect its budget priorities.

Beyond slowing weapons development, we hoped to bring all Argentine nuclear programs under the IAEA international safeguards by getting Argentina to accept the Latin American nuclear treaty. The strongest argument of the Argentine nuclear community against safeguards, since no one argued publicly that Argentina should develop weapons of mass destruction, was that Argentina could not risk a situation where Brazil developed such weapons and Argentina did not. Thus I assumed the two countries would have to move forward together, but there was little communication between the nuclear communities in the two countries. I developed a close relationship with the Brazilian DCM, having a private lunch every couple of months. It was obvious that one of his Embassy's priorities was tracking the Argentine nuclear program. I was helpful by explaining to him the cooperative programs we began developing and by shooting down some of the crazy things that would appear in the press. This channel was also useful to let the Brazilians know that the democratic civilian government was getting control of the program and wanted to move it to strictly peaceful uses. He, of course, claimed that was also the goal of the Brazilian program, giving me opportunities to suggest they should move to safeguards together. More immediately the Foreign Ministries should start talking. Soon Caputo's deputy, Sabato, was invited to Brazil, and a dialogue began.

The Brazilians had signed the treaty but hadn't ratified it; thus safeguards did not apply. The Argentines hadn't signed, and they weren't going to sign until they had an agreement with Brazil and an agreement with the IAEA on safeguard procedures. During my time in Buenos Aries much progress was made in getting the two countries moving together toward full scope safeguards; most nuclear installations such as power plants in both countries were under IAEA safeguards because that was a condition of the U.S. or Germany which supplied and financed the plants. However, the two countries did not bring their programs under the treaty and safeguards until after I departed. But now both Brazil and Argentina are under the full international safeguards, and we don't have a Pakistan/India in our hemisphere. Incidentally, because the Argentine nuclear program was very advanced they provided much training to Pakistanis and Indians. Argentina/Brazil is a

clear case where only the emergence of democratic governments which wished to weaken their militaries and had an anti-nuclear bias prevented development of nuclear weapons.

For the Embassy, in nuclear matters as in economic and military areas, it was a matter of doing the little things, of keeping our eye on the ball. We had a science officer for whom nuclear was the number-one priority. He worked closely with the civilians in the Argentine nuclear program. Dick Kennedy, who was the Under Secretary of State for non-proliferation or whatever it was called, make several trips to Argentina to build a constructive relationship with the Argentine nuclear community. His argument was, “If you join the non-proliferation treaty, then you can be part of many international programs; we can do research and other things together; we can export together; you can have access to more technology. There are many positive things to be gained.” The senior elected politicians didn't want a military nuclear program, but the people in the program, of course, did, because they thought that was the only way their considerable skills would be used and they would have continued high-salary employment in their field. Many of these people were the cream of the Argentine scientific community, or in the case of the Navy some of the brightest officers. To help the civilian politicians bring their nuclear position around to full-scope safeguards Kennedy explained to the nuclear people how the Argentine program could be highly successful focusing on civilian uses. The economic pressures also drove them to develop such areas as exporting medical nuclear products throughout Latin America. Also economic pressures convinced the government that Argentina could not afford any more nuclear power plants after the second built with German financing. We invited quite a few Argentine nuclear scientists to the U.S. where they were exposed to new possibilities for civilian uses; often we had to arrange special waivers because Argentines could not be shown any secrets since all Argentine programs were not safeguarded. Gradually the budget pressures and the potential advantages of the international cooperation that would come with safeguards began to convince all but the hardest line nuclear experts that full-scope safeguards and cooperation with the U.S. was the best route.

Q: Just a little more space on this cassette. I think we'll have to come back to Argentina the next time. But in summary, how do you think history should judge Alfonsin?

BUSHNELL: It should judge him quite favorably because he managed a very difficult political transition; he kept the military in the barracks, gradually reduced the military role and budget, and even nicely handled the punishment of some retired military leaders in civilian courts for human rights abuses. He didn't manage the economic problems very well, and eventually the economy was his undoing. But much of the intellectual basis for the major economic reforms which came later was created under Alfonsin, although not with his leadership. In 1989 when Menem was elected I told Alan Greenspan that, just as it took an anti-communist Nixon to go to China and open relations, it would probably take a Peronist, such as Menem, to carry out the basic economic reforms needed in Argentina to make the overgrown public sector efficient or privatize large sections of it. I'm not sure that any Radical president could possibly have done it. Alfonsin could have had better economic policies than he did. But he took a country that was in desperate shape both politically and economically and brought it a very long way. The proof of the pudding is that he laid enough of a base that his successor was able to straighten out most of these economic problems and make Argentina, at least for a while, a leader in modern economic policy. The people who lay the base usually don't get much credit. But, if nobody lays the base, the job won't get done and there'll be nothing to get credit for. Thus Alfonsin deserves a part of the credit for the basic economic and nuclear policy changes that came to fruition under Menem. Menem deserves a lot of the credit too.

Q: Today is Wednesday, September 9th, 1998. John, we covered most of your experience in Buenos Aires during the last session, but you were there during a very critical five-year period: the collapse of the military government and the emergence of a democratic government. How would you summarize that experience?

BUSHNELL: It was a very rewarding experience for me because a tremendous amount of progress was made, both on what had become the Argentine objective of reestablishing

a democratic system and on all major US goals. During my five years there were no new wars, no successful coups, no debt default, virtually no human rights abuses, and the nuclear program was placed under civilian control and directed away from weapons while the basis for full-scope safeguards was established. In the previous decade all these elements had moved in a negative direction. During my time there was also a fairly difficult diplomatic evolution. We began in the outhouse because we were seen as the key ally of the victorious British in the Falklands War. Thus to play a constructive role and move the Argentines toward our objectives, we had to do an awful lot to reestablish our credibility as a friend of Argentina. Fortunately our objectives were generally shared by the newly elected government. By good luck we didn't have any strong negative events or issues that threatened good relations; both sides were able to mute key international disagreements; we supported the Argentine resolution on the Falklands at the UN, and the Argentines did not push their opposition to our policies in Central America.

Q: When you arrived Argentina was in pretty deplorable condition. It the late 19th century into the 1920s Argentina had an exceptionally high per-capita GNP in comparison to other relatively less developed areas. How do you explain the dramatic economic deterioration?

BUSHNELL: A lot of studies have been done in Argentina and elsewhere which indicate various things that went wrong. I think the situation is best simplified as the curse of the country richer in natural than human resources. Argentina has the blessing of very rich agricultural land. There are only two large areas of the world where such rich and deep topsoil has been deposited: in the Mississippi Basin in the U.S. and the pampas of Argentina. These are the two extensive areas with incredibly rich soil and good rainfall which can basically grow most anything year after year virtually without fertilizer with high yields. The Argentines started essentially with no population, so the ratio of excellent farmland to national population all through the 19th and early 20th centuries was exceptionally high. The vast surpluses of grain and meat, and more recently soybeans, provided large export earnings as well as feeding the growing cities. However, land is a fixed resource. There are no more rich crop lands now than there were a 150 years

ago. The Argentine population, of course, has grown some 50-fold in that period, so the ratio of the population to that land has greatly increased, and by the middle of the 20th century that agricultural resource was no longer able to support a continually rising per-capita standard of living. The curse of natural resource wealth is that such great wealth encourages the population to focus on how that income and wealth will be divided instead of on how all the population can be efficient in increasing output and wealth.

Thus, although the urban population grew large, especially in comparison with the productive rural population, the urban residents largely provided services to each othegovernment employees, traders, transportation workers, lawyers, and medical people. It was not an efficient urban sector; it was more like a typical developing country except that incomes could be high because the urban majority could benefit from the high productivity of the pampa. Similarly as industry developed, it was far too high cost to export, but it could prosper behind tariffs and other barriers selling to the quite prosperous domestic market. During the period from about 1880 to 1930 there was large scale immigration from Europe. In some years over half a million Italians were contracted to come to work for several months during the agricultural season. Of course many stayed. Germans, Spanish, Irish, and, in this century, eastern Europeans came in large numbers as permanent residents. Immigrants provided labor in the growing cities as well as in the pampa. During the first third of the 20th century living standards and job opportunities for unskilled immigrants were generally better in Argentina than in the U.S. or Canada.

Then during the world depression of the 1930s, agricultural prices fell sharply. Argentina fell into a recession from which it has really never recovered. During the Second World War agricultural prices shot up to tremendously high levels as there was a shortage of food in Europe, and Argentina benefited greatly from these high prices. As it was impossible to import most manufactured products during and soon after the War, Argentine industry expanded and prospered; high demand allowed it to cover its extremely high costs, and great efforts were made to be self-sufficient in steel, autos, farm equipment, and many other products. About 1947 Argentina had some of the cheapest

food and the most expensive manufactures in the world. It also had tremendous foreign exchange reserves built up during the War when there was nothing to import. Peron and the powerful labor unions, which had developed reflecting the history of labor shortages, institutionalized high urban wages and large fringe benefits, assuring the large organized working class a high standard of living financed by the agricultural wealth. Government expanded through most of the 20th century as this was an area where low productivity could be supported on the back of the agricultural wealth. Throughout this process individuals and groups maneuvered to gain wind-falls and non-competitive positions, in effect fighting to divide up the income from the land.

By the end of the 1940's agricultural prices returned to a more normal level. Since that time there has not been enough agricultural income to support the now large but inefficient urban structure. Moreover, government policies did not promote agricultural production but continued to favor the inefficient manufacturing and service sectors. Urban population continued to grow, not only in Buenos Aires but also in a half dozen other cities where inefficient government, service, and manufacturing activities were located. In effect Argentina has been living above its means since about 1950. Foreign debt has skyrocketed. Inflation has run out of control. Occasionally some efforts to increase urban productivity have been taken, but they have not been sustained. Increased efficiency tends to increase unemployment, and Argentina had few mechanisms to transfer workers from inefficient to efficient industries, especially as efficiency continued to be highest in the modern agricultural sector but urban Argentines did not want to leave the cities. The basic political/economic struggle in Argentina is still to live well off the agricultural wealth, either directly on mainly indirectly.

Q: How would you assess the impact of Juan Peron?

BUSHNELL: Peron promoted the switch of power away from the urban middle clasmore educated, civil servant, doctor, lawyer, tradeto the working class, what they call in Argentina the shirtless, i.e. those doing physical labor in steel plants, meat packers,

or construction. This shift of power would probably have happened whether there had been a Peron or not. Peron happened to be the leader who was in charge when the organizing efforts of labor unions brought this about. He and Evita sensed the trend and make themselves its leader, while making sure they sent a large retirement nest-egg to Switzerland.

Not all the urban spending of the agricultural wealth in the 19th and 20th centuries was wasted on make-work or feather-bedding projects. Much was spent on education with universal compulsory education for about 8 years developed in Argentina soon after it was in the United States. Public universities also developed with good reputations, although the budget pressures and exploding enrollments greatly weakened most universities after WWII. Thus it was not lack of an educated work force that caused Argentine inefficiency but poor organization, lack of market incentives, and corruption. As one Argentine explained the process to me, “Once the unions began negotiating work rules such that the shirtless did not have to work very hard, the rest of us adopted the same attitude and competed to find the botellas (government jobs where you often did not even have to show up except on pay-day).”

Interestingly, the unions internalized many of what we generally call social services, greatly increasing the union leaders' power over the rank and file. For example, the major unions developed and ran their own hospitals and medical clinics, perhaps in part reflecting dissatisfaction with government clinics. Each union also developed its own social clubs and vacation resorts at the beaches; many of these were multimillion-dollar luxury establishments, far beyond what any other country provided its steel, auto, or rail workers. Thus the unions down to the shop steward had tremendous power. Imagine the situation where the shop steward decides when you get your month at the luxury beach hotel and where he has to sign the authorization for your family's free medical care!

As managers and owners lost power to the unions, efficiency decreased even further. It became virtually impossible to fire any worker even if he seldom showed up. During the

1960's and 1970's much of light industry in effect moved to the informal sector where there were no unions and taxes were not paid. People pointed out to me factories employing over a thousand workers which were black, meaning outside the formal tax-paying, union structure. During one discussion of the budget deficit problem with President Alfonsin I suggested the railroads and telephone company had too many employees. Alfonsin said he completely agreed. He said the railways could run better with half the current employees. But he said unemployment was already high and laying off workers would just make the social problems impossible. He said public sector employment was the Argentine version of what in the U.S. we call welfare. In effect inefficiency and even laziness were being supported by the agricultural earnings, but this process was making the country poorer year by year even as the population grew. Finally in the 1990's, when Menem privatized much of the government sector, productivity rose rapidly by 4 or 5 percent a year even as the number of unemployed grew. The person, who at age 40 has spent 20 years going to a government office everyday and doing little but getting his coffee, finds it very difficult to go out and find a job that requires real work rather than just punching the clock, putting in the time, and punching the clock again. It took the Argentines two or three generations to get into this mess, and it may take as long to get fully out of it.

Q: You've been concerned with economic development one way or the other through most of your Foreign Service career. What insights into how economic development works have you gained?

BUSHNELL: I am convinced economic policies that lead to efficient use of resources are key to development. Argentina is a prime example of how poor policies that lead to inefficiency prevent sustained development even in a rich country. With its great agricultural resources, adequate energy supplies, and an educated population Argentina could be a rich country if its economic policies had not been terrible. If the residents of any country focus on getting windfalls instead of increasing output, the country will not progress. Countries which have little or nothing in natural resources such as Switzerland

and Singapore have shown what a high standard of living a universal work ethic can produce.

Q: Raul Prebisch resided in Argentina, where he retired. What was his reaction to the economic situation in Argentina at that time?

BUSHNELL: I got to know Prebisch fairly well in Buenos Aires. When the Alfonsin government was stumbling at first and the economic and debt problems were getting worse, I suggested, as did several others, that Alfonsin bring Prebisch into his quite inexperienced economic team. Although Prebisch was not a member of the ruling Radical Party, Economic Minister Bernardo Grinspun made him a full member of the team although he was called an advisor. By the early 1980's Prebisch was not trying to present policy solutions or even engaging in academic debates. As I recall, he was mainly working on recording his memories. However, he responded to the challenge of joining the Alfonsin team. He was particularly useful in guiding many of the young economists to analyze additional options. The Alfonsin team was trying to reduce the deficit by cutting spending without causing significant layoffs and by increasing tax revenue. At one of several points when Argentina's negotiations with the IMF bogged down, Prebisch pulled together a set of policy measures which he estimated would meet the IMF targets; he them presented them to President Alfonsin. The President not only approved them that afternoon but sent Prebisch to Washington that night to explain them to the IMF. Prebisch met all the next day with the IMF and returned the next night, arriving back in Buenos Aires late morning. As it happens, I had invited him to lunch at my house that day. I expected he would not come because of this unexpected Washington trip, and I nearly did not go home for lunch; he was the only guest and the DCM residence was a 20 minute drive from the Embassy. He came, and, although he said he had had little sleep for nearly 72 hours, he was quite chipper and clear thinking, reviewing the policy measures and IMF reaction. After lunch he headed to the Economics Ministry. It was quite a remarkable performance for anyone, let alone a man in his 80's. Alfonsin promised the IMF to carry out the package Prebisch

had put together, but there was a lot of slippage in government implementation. Gradually Prebisch stopped working with the Alfonsin government. He died in May, 1986.

Q: In his discussions with you, did he reminisce about his perception of his own contribution to history, especially in UNCTAD?

BUSHNELL: No, I don't recall that we ever discussed UNCTAD. When I first met him in Buenos Aires, he made a couple of remarks that infant industry protection policies had been abused and carried far beyond reason in Argentina. He recognized Alfonsin's political problems, but he thought there were many little policy improvements that could be made, adding up to a substantial improvement in the deficit situation. We did have several discussions about the role of the large international banks. Prebisch thought they pushed money on governments in good times when the governments did not need it and refused to lend in bad times, making the crisis much worse. I largely agreed with him, and we talked about ways to impose more discipline on banks and on governments during good times. One problem was that it was not clear what the definition of good times should be. Was the economy healthy because policies had been improved or just because world demand for its products was particularly good for a couple of years?

Q: Let's talk about the embassy for a minute. Frank Ortiz succeeded Harry Shlaudeman as US Ambassador. Was anybody else Ambassador?

BUSHNELL: Ortiz was there for the best part of three years. He was followed by a political appointee from San Diego, Ted Gildred. Gildred had grown up in Mexico City and spoke fluent, if Mexican accented, Spanish. I agreed to extend for a year to help a new political ambassador get a feel for the job. Ted was a pleasure to work with. I encouraged him to build good relations with the military, and he did a great job of that, being a pilot himself helped. Ted had been active in the US Young Presidents organization (presidents of companies under age 40), and he used these ties to encourage investment in Argentina. The Argentines welcome this sort of practical help.

Q: Ortiz was there well over two years. How did you share responsibility for running the embassy?

BUSHNELL: I would describe the management as similar to that of the chairman of the board and the president of a private company. The ambassador, the chairman, focuses on policy, representation, and some things that particularly interest him. The DCM, the president, manages the day to day operation, keeping the ambassador well informed. I wrote the annual efficiency reports on the section heads, so the section heads tended to look to me as the person who would grade their performance, although the ambassador prepared reviewing statement on the reports. The ambassador chaired frequent staff meetings where assignments were made, but part of my job was to sit down with the section heads and discuss how they were running their sections and how all the work would get done. In the staff meetings I would make frequent suggestions and ask how various projects were progressing. Occasionally the ambassador would differ with me, and I would defer to his guidance. If I thought it was important, I would discuss it with him privately later. However, I had no major disagreements with any of the three ambassadors I served under.

Perhaps I played more of a role in managing other agency offices than is usual. My role of coordinating our relations with the Argentine military required me to spend a lot of time with both the attach#s and the military group. Because of my relationship with the senior civilians in the Defense Ministry and my previous contacts in Washington with senior military officers, I was often able to solve all sorts of problems for the military sections. Of course the military officers in turn made big contributions to our overall goals. Because I had more detailed knowledge of what they did, Ortiz asked me to draft the annual ambassador evaluations of our senior military officers. He signed the reports, but the officers knew where they were written. Although relations between FSO's and the senior military in embassies are sometimes strained, there was no strain in my relations with the military. By that time in my career I had been working with US military closely for many

years, and I understood their bureaucracy; also I had close personal relationships with the CINCs in Panama who commanded the milgroup, calling on the CINC when I went to meetings of the Panama Canal Board.

I chaired a committee that allocated USIS grants and generally worked closely with USIS because its programs were key to several of the things we were trying to do. I spent a lot of time with the commercial officers, and I was frequently able to open doors for them. I tried to avoid much direct contact with the DEA office because I assigned the political counselor to coordinate drug matters. Most DCM's manage the State sections of embassies. However, my observation was that most DCM's and even many ambassadors played a less active role with the other agencies. Shlaudeman from the beginning indicated that he wanted me to play a very active role with the other agencies because, when I arrived, the Embassy was in a crisis situation and for some time he thought he might be thrown out. Ortiz and Gildred welcomed my playing this expended role because it helped make the entire Embassy a single team and helped everyone accomplish US objectives.

Q: I think Ortiz had a reputation of not being a commanding figure so you had a larger influence.

BUSHNELL: I had a certain advantage because I arrived just as the Falklands War was ending. Moreover, many of the senior military knew me from my job in ARA in Washington and considered me to be a friend of Argentina. The same was true of many senior economists. Since I was not as bad as most Americans and not directly associated with the war, many officials in the military government were more comfortable and willing to deal with me than with those who had been in the Embassy during the war. Thus I did a great deal of the outside-of-the-embassy work which the ambassador would normally have done, especially with the military. For example, it had been customary for the Army commander to invite the ambassador and the Army attach# for lunch from time to time, and we would invite him and his senior staff back. After the war instead of inviting the

ambassador they invited me, and they made it clear to the attach# that I was invited and not the ambassador. There were a number of things like this during that first period. Then, I was the Charg# during the election period and the interregnum when Alfonsin put together his government, and I had the opportunity to get to know some of them on a more relaxed basis before they took office. Ortiz quickly took over contacts with most of the non-economic ministers, but having known the minister was very useful for me in developing my second level contacts where exchanges could be more informal.

Q: Who were some of these contacts?

BUSHNELL: Jaunarena, who was the deputy minister of defense, Herman Lopez, who was secretary of the presidency, labor secretary and briefly secretary of defense, Garcia Vazquez who was head of the Central Bank come immediately to mind. Jaunarena and Lopez were among the three or four people I saw privately often who were real insiders in the Alfonsin government. I could work through these people to solve the problems that any part of the embassy was dealing with. For example, one of the most severe problems DEA had was that at one point the head of the national police, which was DEA's main counterpart, was in the pay of some drug traffickers. The entire anti-drug office of the police force which worked closely with DEA was essentially just using us to take care of the competition, i.e. the traffickers who were not paying the police. If somebody new came along and began moving drugs, then the police would work with us to get those people so their friends could have a monopoly on moving drugs through Argentina. For a while the intelligence on the police corruption wasn't too convincing, and I sided with DEA in arguing that the police were ok because they were helping us take down quite a few traffickers. I pushed the agency (CIA) hard to get additional intelligence, and it finally was able to convince me that the police chief as well as the officers in the drug enforcement office were protecting one large group of traffickers and getting well paid. The intelligence sources were very sensitive, and some aspects of the information could not even be

shared with DEA. The question then was what could we do to change the situation without endangering the sources.

I had a private luncheon or meeting a couple times a month with Deputy Defense Secretary Jaunarena, who I knew was very close to President Alfonsin. Although this drug issue had nothing to do with the Defense Department, I went over this problem with him, asking him as an Argentine politician what might be done to resolve the problem before it became a major issues between our two countries. He explored the facts although I could not give him the basic intelligence. He said I would hear from him. A few days later the police chief resigned. And much to my surprise, the new police chief called and asked if I would visit him in his office. In all the history of the embassy I don't think any DCM had received such an invitation. I called on him alone; he dismissed his staff and explained how all the leadership in the narcotics division was being transferred or fired and that he was also changing most of the other anti-narcotics personnel. He said he had received clear instructions to make every effort to stop all drug trafficking, and he invited me to come to him anytime I had any information that the national police were not making such an all out effort. I promised DEA and other elements of the Embassy would do everything we could to help him. The personnel changes were soon made although none of the officers was prosecuted. The new team turned out to be fairly honest but not too effective.

No one in the Embassy except the ambassador knew about my discussion with Jaunarena, and both DEA and CIA were skeptical when I reported that the new police chief had said he was changing most of the narcotics police. Some weeks later the Agency told me a source had said the President had changed police chiefs because Jaunarena had told him I had said we were getting reports about his corruption. I was tempted to put a comment on the report that such was the way effective diplomacy used good intelligence to accomplish US objectives, but I did not comment because I did not want to invite debate on whether or not I had endangered the sources. Obviously the change resulted in a quantum change in the true effectiveness of our DEA office and the overall anti-drug effort.

Another example of an Embassy-wide effort in the drug area was working to get the Argentine Congress to approve a law permitting plea bargains in drug cases and allowing the police to seize assets in drug cases. A key argument for a law beyond the usual Argentine practice was that the U.S. could then share with Argentine law enforcement seizures of assets in the U.S. connected to cases the Argentines helped us with. Some such seizures were measured in the millions of dollars. As Embassy drug coordinators political counselors Dick Howard and then Bob Felder did great work getting the Administration to propose a law and encouraging the relevant Congressional committees to consider it. But it was a very technical issue and not understood by the Congressional leadership. We made a list of about 20 key members of the Congress and then organized the entire Embassy to lobby them. For example, the Commercial Section was working with a couple of firms that hoped to sell US law enforcement equipment; the commercial officer pointed out that the potential law might well provide financing, and the Argentine firms then approach Congressional leaders with whom they were close. USIS discussed the draft law with a group of Congressional staffers who had participated in one of its programs. Other sections of the embassy also raised the issue where they had useful contacts. The ambassador and I raised it with many on our list when we saw them at receptions or dinners. There was an active social life in Buenos Aires, and it was amazing how much one could get done at these evening functions. When I was explaining the potential drug law to one senator I knew fairly well at a large reception, he stopped me while he gathered two other senators he thought should hear about it too. When the drug law was finally reported out of committee, it passed both houses in near record time with bipartisan support.

Another example of getting the entire Embassy working as a team was my coordination of the USIS program for sending visitors to the United States. I asked to chair the committee that decided which programs and which visitors because I thought such grants were an important tool in accomplishing many of our objectives. Serban (Val) Vallimarescu, who headed USIS for much of my tour in Buenos Aires, welcomed my involvement because

strong Embassy support and focus on overall US objectives would give him the arguments to expand the Argentine program. We have already discussed some of these programs such one on deregulation and privatization. This was also an important tool in building support for our policies in the Argentine nuclear community. Most years we worked with the agricultural attach# to send one of the senior officials of the agriculture ministry to the United States. Not only did those who got the trips increase cooperation with our agricultural office, particularly in sharing statistics and other information, but other officials, who perhaps hoped for their own future trip, began seeking contact and volunteering assistance.

Usually the USIS program is not used in the military area because the US military services have numerous exchange and training programs to offer. However, given our key objective of strengthening the weak civilian control of the military, I wanted to use USIS grants to strengthen the civilian defense ministry and open the military to different thinking. For example, Jaunarena had a working group in the Defense Ministry, both civilians and military officers, on military education. I thought it was important for long-term stability to get more Argentine military officers educated, at least in part, in civilian institutions where they would build links to civilian professionals. Thus we sent much of the working group on a USIS visitor grant. Of course they visited a couple of our military schools, but they also visited university ROTC programs and specialized training programs that our military had at civilian universities. They were exposed to our continuing education programs after an officer is commissioned. This USIS arranged visit was very helpful in bringing about a change of mind-set, giving these people, both the civilians and especially the military, new ideas. Moreover, spending a month together traveling around the U.S. built the team dynamic and gave all the members new incentives to work at revising the military education system in Argentina. Jaunarena told me that the civilian/military working group even began pushing some of the education changes I had mentioned to him earlier but he had not dared bring up because he thought they were too radical for the Argentine military to accept at the time. Yes, there is much that can be done in any Embassy by coordinating

all the resources, which are quite considerable in the US government, and using them efficiently to accomplish US objectives.

Q: This was your first experience as a DCM, and you were, as it turns out, charg# on several occasions, sometimes for rather extended periods. Did you feel you were handicapped or limited in what you could do as charg# in comparison with what an ambassador might have been able to do?

BUSHNELL: There were a few occasions when there were some things one couldn't do as Charg#, but there were more occasions when it was probably an advantage. For example, with the new government coming in when Alfonsin was elected and selecting his cabinet, the Argentines were more comfortable coming to lunch with the DCM/Charg# in an informal way than they would have been with the Ambassador; the meeting wouldn't be in the press and thus would not create problems within the Radical Party where there was much sensitivity about accepting guidance or pressure from the United States. Also, such quiet meetings with a Charg# were less likely to raise issues with other embassies. Particularly the foreign minister designate, but even other ministers, who lunched with the American ambassador would find it hard not to accept similar invitations from the Spaniards, the Italians, the French, the Brazilians, and many others. Actually, we did have a little problem when someone in the press noticed Foreign Minister Dante Caputo's arrival or departure from my house. However, we had noted that his wife and my wife happened to have had the same maiden namMorel. His wife was French and my wife's grandfather was French. Morel is a common French name, and they were not from the same part of France, but we told the reporter that the lunch was a family matter. After than our wives frequently called each other cousin. So there are some things where being Charg# is an advantage. There are other things such as making a speech for the attention of the press where the ambassador title is important.

Q: As DCM you were, as you've indicated, in charge of the embassy's administrative operations. Did you find that burdensome? I think some DCMs don't really like that.

BUSHNELL: I sort of liked it. Yes, it was burdensome in that it took considerable time. During most of my tour there were repeated calls to cut staff and cut the budget. We had to identify what positions we would eliminate if there were a 10 percent cut, a 20 percent cut, or a 30 percent cut. We had to identify cuts in other agencies' staffing as well as to State's. Judgements on where to cut the budget with the minimal effect or Embassy morale were often difficult. Fortunately for me, the Buenos Aires Embassy was reasonably fat as the peso depreciated, making our dollars go farther, and we were adequately staffed. We had to look for ways to improve efficiency in our consular operations, for example. We had to ration in-country travel, especially for the consular section, meaning fewer visits to American prisoners outside the Buenos Aires area.

Security issues required a lot of time. We had good RSO's [regional security officers], but security improvements suggested by teams from Washington often threatened to interfere with the work of the Embassy or cause considerable disruption without real improvements in security. I don't know how many tens of telephone threats we had that there was a bomb in the Embassy. Finally, I decided we wouldn't evacuate the Embassy because of an unspecific telephone threat. The Ambassador's residence was a great security problem because it could so easily be attacked from nearby apartment buildings that towered over the residence. We kept pressing Washington on this problem which really called for putting a secure roof over the many skylights in the residence roof. Such a project was very costly, and Washington would press us to sell the residence and find an alternative. Unfortunately, any alternative we might afford would be in a suburb while the residence was a block from the Embassy. Thus the reduced security for the Ambassador's commute would, in my view, offset improved residence security. Moreover, the Argentines had given the U.S. the valuable land where the Embassy offices were built because of Argentine appreciation that we maintained the historic mansion nearby that was the residence and opened it frequently for functions. It would have been very undiplomatic to sell the residence which would have been torn down to build apartment towers after the Argentines had been so generous in giving us land. The Foreign Buildings Office

continued to press for sale of the residence after I left until some Senators heard about the situation and provided in law that we keep the residence and improve it.

Q: As you said, as DCM you were responsible for preparing efficiency reports for embassy section heads and also reviewing comments for many officers. Did you feel comfortable in exercising that function?

BUSHNELL: Yes. By the time one becomes a DCM you've been around the Foreign Service; you've written so many efficiency reports that you develop a system and a style. My system, which some people used, but surprisingly few, is that I got the rated officer to provide me with most of the basic inputs. I made the rated officer the lead on the work requirements at the beginning of the rating year. I suggested additions and revised wording for the requirements, keeping in mind the rank of the officer and what promotion boards are likely to be looking for in responsibilities. Then two or three times during the year I scheduled a formal review, asking the people under review, the section heads, to prepare a couple of paragraphs on some things they'd done in the previous three or four months. During the review additional ideas for the report often arose, and I would make notes or ask the rated officer to prepare additional paragraphs. I kept these notes and inputs in a file so that, when I began to write the efficiency report, I had all these inputs which could be incorporated with just a little editing and updating. I found this system of gradually writing the report while having frequent performance reviews was not burdensome. I encouraged other people to do the same, but most people leave the task of writing evaluations until the end of the rating period.

Q: Would you care to comment more broadly on the role of efficiency reports in the Foreign Service, including the tendency toward inflation.

BUSHNELL: For my sins, I sat on several promotion boards including a Senior Sectional Board. I must say it's one of the least desirable experiences one has in the Foreign Service to spend a couple of months reading efficiency reports all day long. However, I

found that, with a good accumulation of broad Foreign Service experience and reading between the lines as well as the lines, one got a pretty good picture of an officer from his efficiency reports. The difficult thing, in terms of the senior threshold, was to weight the relative merits of the person who had done an outstanding job with relatively easy tasks versus somebody that had done a good, but not outstanding, job facing big challenges. I always thought a person who did a good job in a very challenging situation tended to deserve promotion to higher levels over a person who did an outstanding job in an easy situation.

In many situations US objectives are largely the status quo, one might say, so that the challenges for the officers are fairly routine. An officer could improve things a bit and generally do an outstanding job without really being tested in a situation where it is hard to accomplish US objectives because of the situation, pressure from the host government, or the very nature of US objectives. Judging how an officer would perform in a crisis, I thought, was particularly important in promotions over the senior threshold. But some officers had not experienced crises or particularly challenging assignments; it seemed unfair to mark them down just because of the nature of their assignments. However, my experience is that corridor reputation is an important factor in assignments at the middle and senior levels. Thus officers are usually assigned to difficult jobs because senior people in the Embassy or Bureau know something about them and believe they can do the job. Officers whose assignment pattern was one challenging job after another almost always had very good efficiency reports. Officers who did not have challenging assignments sometimes got very good efficiency reports, but there were generally signals in the file that the officer lacked some of the extra dimensions needed at senior levels.

Q: Would you care to illustrate this by reference to somebody in Buenos Aires or elsewhere case?

BUSHNELL: On the Senior Threshold Board we reviewed the ratings for the political counselor in Stockholm, who got very high marks for establishing good contacts, for

supervising his section, for getting reports done on time. But there was not a single example of how these efforts changed the Swedish policy on anything or even of an imaginative effort to try to do so. Perhaps changes in Swedish policies weren't in the cards. On the other hand we considered the political counselor in a middle-sized African country who was not rated as highly for reporting and supervision but was given great credit for getting close to the opposition party and gaining support from that party for US policies even when the ruling party opposed the US policies. We ranked the African officer in the promotion range but not the man in Sweden.

Q: You oversaw the embassy administration personnel supporting the many other agencies represented in the embassy. Did you find that experience interesting?

BUSHNELL: The concept of joint administrative services makes a lot of sense, but the practice as it was set up in State had many frustrating elements. Most of the money State gets for supporting other agencies comes from arrangements negotiated and implemented in Washington. Then those in the field are expected to work out the local support arrangements without clear guidance on what other agencies have in effect paid for, and different agencies include different things in the joint services. The agencies tend to ask for the moon; my tendency was to provide only the same level of support to officers in other agencies that we provided to State officers. However, several agencies in effect had their own administrative people to provide additional services. For example, the military and the agency had their own official cars and drivers while agencies such as USIS and Commerce depended on the State motor pool. Most agencies seemed to think they were entitled to more space in the Embassy, although no agency ever seemed to be prepared to give up any space even when their staff was cut. In general agencies paid less for services than it cost us to supply them, and agencies did not want to make any local contribution for security although that was one of our greatest local expenses.

Generally I was fairly tough on other agencies. For example, all agencies had to contribute representation funds for the July 4th and other large functions if they wished to invite

their contacts, as all did. The military wanted to install their own secure phone. I agreed only that it could be installed in a small room off the office of the Ambassador's and my secretaries because the military had no office that had full 24 hour security. Of course we were also able to use that phone. The Commerce Department was particularly grievous in not wanting to pay its way. Commerce had more Argentine visitors to its offices because of the commercial library than all other sections of the Embassy except the consular section which had its own entry. The security people saw Commerce visitors, who often had briefcases, as a major security threat. Finally I insisted Commerce make an additional contribution to security to cover the cost of processing its visitors. Commerce refused and said it could do its business better in separate quarters downtown. I said great, and they proposed to Washington moving at greatly increased cost to downtown offices with virtually no security. Washington refused the money. I then proposed combining the commercial library with the USIS library downtown. USIS was having a problem financing security improvements for its library, and a Commerce contribution could solve that problem. The Commercial Counselor was reluctant to separate his staff from the library, but Washington approved this idea as I was leaving.

Perhaps the biggest problem for a DCM is trying to get comparability in the way employees in various categories are treated among all the agencies. We had a small commissary, but the military families still sent orders to the commissary in Panama. The orders were shipped at no cost on the monthly support fight operated by the USAF. The military invited the ambassador and DCM to use their flight, but not other American personnel. I chose not to use it, and I insisted the military personnel join the Embassy commissary, which needed all the support it could get, for their liquor purchases. Also arrangements were made with the military to bring in turkeys for holidays and a few other items for everyone. A good variety of consumer items was readily available in Buenos Aires, so the military supply advantage was not really significant, but it was a sore point with many employees of other agencies.

Another problem was State's shortage of American secretaries. We frequently had two or more secretary positions vacant. Cables still had to be typed at that time. Secretaries in the military offices and the agency often seemed to be underemployed. I tried various arrangements to get secretaries from other agencies who had security clearances to cover part-time for State vacancies. But cooperation was at best reluctant on the part of other agency heads. The lack of even adequate secretarial support in State was a morale problem especially when State officers saw secretaries of other agencies underemployed or running personnel errands for their bosses.

There were quite a number of these problem dichotomies among agencies. However, the housing issue was an absolute nightmare because Washington's rules were not practical. The general rule was that employees should be provided housing or allowances for housing such that their housing would be about the same size as housing for government employees in the Washington area. Working on the basis of square footage was inappropriate for a major city like Buenos Aires because a small apartment located in a luxury building downtown had an immense rent but fell within the footage guideline. But, if some employee had a big family and wanted to live in the suburbs near the American school, a five-bedroom house had too many square feet for the guidelines. When I arrived in Buenos Aires, tandem couples (both employees) were allowed to add their allowance, so their housing could be the biggest in the mission even though the median housing figures for the Washington area clearly included numerous two-income families. Moreover, we were just moving into a program of the Embassy taking long-term leases on residences so that we would then assign housing to some people coming to post, but not to everybody, because we did not yet have enough housing under contract.

I had lots of crying wives in the office about housing assignments, the lack of a housing assignment, or our refusal to allow an agency to lease a house or apartment which was more than the monetary guidelines we had established according to rank and representation responsibilities. “My husband is the same as this one, and his house is

bigger” type of thing. I was amazed at how many employees and spouses professed that they would do lots of official entertaining at home to justify larger housing and then had at most one or two small events a year. Most agencies had long-term leases on housing for the agency head; this made great sense because the contacts of that agency became accustomed to events at that location. But it was hard to satisfy the heads of agencies which had not established such leases because we considered them to be in the same category as Embassy section heads, many of whom did much more entertaining. With rents in Buenos Aires falling sharply and somewhat improved Washington guidance, we developed a nearly adequate supply of government leased and furnished housing after my first couple of years, and I had fewer housing headaches.

One of my biggest headaches, which still leaves a bad taste in my mouth, was private automobiles. There were very high duties on imported luxury automobiles such that a diplomat could import a car, use it for two or three years, and then sell it for twice or more what he had paid for it. However, State regulations did not allow American diplomatic personnel to keep whatever profit might be made. Policing such a regulation is very hard. Soon after I arrived, I discovered the Mercedes dealer, whom the Argentine government did not allow to import cars commercially, would contract with diplomats to import a Mercedes, to drive it for two years and then to give it back to the dealer once it was nationalized. The dealer would give the diplomat $10,000 or $15,000 as well as the free use of the car, insurance, and I don't know what else. We quickly adopted an Embassy regulation banning the import of Mercedes. Government regulations limited the value of cars which could be shipped to post at government expense. The worldwide regulations did not envision a situation where government shipping would not be the cheapest way to get a car to the country. Once the policy was established, there were relatively few problems; quite a few employees did drive BMW's, but these sold for only a modest profit after two or three years.

One head of DEA insisted that he had to bring in a Mercedes; I said it was against the rule. He then claimed it was a used Mercedes and our regulation, probably carelessly, referred

only to new Mercedes. He even brought me a made-up document to show the car was used, but I had one of our Argentine GSO assistants go down to the port and look at it; it had less than 20 miles on it. The DEA officer continued to be insistent that we clear his car; otherwise he would have to ship it out of country at his own expense. He even got his boss in Washington to call me and press for us to facilitate the import. Finally I agreed that he could bring in the car, since he already had shipped iactually I was quite certain the dealer had shipped it. However, I required a commitment from him in writing that he would take it out with him when he left. Nevertheless, when he left, he sold it, and he convinced our junior assistant GSO to sign the papers to the Foreign Ministry against my instructions. I was very unhappy with both the DEA officer who did not keep his word and the assistant GSO who claimed he had forgotten my instruction not to nationalize Mercedes. When confronted, the DEA officer claimed the only reason he was willing to come to Argentina for two years was that his bosses had promised he could finance two years of college education by buying a car and selling it back. I raised this issue at a senior level of DEA as it was totally unacceptable. Of course, DEA denied any such promise had been made.

Q: When I was GSO in the late '50s, I spent more time on joint administration than on any other single set of issues. I sent a questionnaire to all the agencies — agricultural attach#, military, USIA — finding what they needed in paper clips, staples, everything. Interestingly the biggest problem was CIA people who used more Embassy services than all the rest of them put together. They didn't participate in the local arrangement because that was all worked out in Washington, whereas I thought Washington had no real basis to make those kinds of estimates. Did you have any comparable problems?

BUSHNELL: No, the things that were decided in Washington were the rent and other contributions to building overhead and the overhead support of American and local staff, largely fixed things. By and large I had good cooperation from the local representatives of other agencies. In fact, I tended to push the envelope the other way. As I mentioned, we had very big Fourth of July parties and much of the cost was covered by contributions from other agencies. All our agencies could contribute to the guest list, but they also

had to contribute to the cost. And they all dithe military, Commerce, DEA, USIS, CIA; everybody contributed so that big party did not take too much of the limited State Department representation funds. In fact, I went even further and got the American business community to contribute also; some businesses contributed food; the airlines sent cakes; Coke and Pepsi sent endless supplies of their products. Both the Ambassador and I did functions that were paid for by other agencies. Many functions at my house were paid for by the Agency. In fact, the Agency always seemed to be in a comfortable financial situation for representation type funding. The station chiefs wanted their junior and middle-grade officers to expand their contacts, and they knew I had lots of Argentines to functions at my house who seldom moved in circles where they met Americans. They would pay for virtually any function if people from their office were invited, and I took advantage of that to stretch State's limited representation budget.

Q: There must have been two or three inspections while you were there? Any comment on that?

BUSHNELL: There was only one inspection during my five years. An inspection was scheduled about the time of the Falklands War; it was postponed and then sort of got lost with the change in ambassador. The one inspection headed by Ambassador Gonzalez went smoothly with few substantive comments.

Q: What's your take on the Foreign Service inspection process in general considering your earlier Foreign Service experiences as well as your experience in Argentina?

BUSHNELL: The inspectors try to review on the basis of data and tend to end up paying more attention to quantity of reporting and other work instead of quality. Particularly for the administrative section and even for the other sections, we had to go back and calculate a lot of things and prepare lots of detailed stuff in preparation for the inspection. I guess the inspectors are sort of like auditors for the administrative section, and they have to assure themselves that no one is stealing, but this makes preparation for and supporting

an inspection a lot of work. Inspectors tend to make a lot of very minor recommendations which are seen as nit-picking. But an Embassy has to implement them and report progress in the follow-up reports. In my experience, inspectors often spend little time on the big picture of how the Embassy is advancing US interests.

For example, one recommendation directly affected me. Ambassador Shlaudeman had a practice of writing an official informal letter every couple of weeks to the Assistant Secretary for Latin American Affairs. I continued the practice of preparing such letters virtually every week to be signed by the Ambassador if he was around; otherwise I signed them. These letters served several purposes. The principal one was to make suggestions on policy issues affecting Argentina. The letters also dealt with personnel and other administrative issues, on which they suggested solutions and indicated where we thought it was most important for ARA to go to bat for us and with which arguments. The informal letter started with a couple of paragraphs on the main issues in Argentine political-economic life that week. This section gave the Argentine desk in State the advantage of the flavor of the local situation which did not usually come across from just reading the cables. Other agencies such as the station and military send similar informal wrap-ups in their channels, and the letter gave the State desk an equal advantage or even a leg up. In my experience, few State desk officers have time to read the local newspapers, and most did not even get them on a current basis. Harry Shlaudeman had occasionally included a cartoon which he thought told an Argentine story, and I adopted the practice of clipping a cartoon from the press every week as part of the signature on the letter. Argentina is a pretty wild country, but Argentines have a good sense of humor, and many of their political cartoons were priceless.

Many times I noted paragraphs virtually lifted from the official informal letter in policy or administrative memos. The country officers and the country director told me they looked forward to the letters and they were very useful. The letters alerted them to Argentine policies and events which were not yet on their horizon. Both Harry and I had worked many years in the ARA front office so we had a good idea of what would be useful to ARA.

Moreover, the letters were a way of getting the Argentine desk to work what we thought was importanin effect of giving guidance to the desk. The inspectors did not object to the letters; in fact they said reading six months of letters was about the best briefing they could have on Argentina. They recommended that, instead of sending them in the pouch, we send them as a cable with limited distribution. I didn't like the recommendation for several reasons. First, cables by definition get bigger distribution in Washington; when the letter dealt with PM, HA, SP, or E issues the cable would be distributed to these bureaus as well as to ARA. Moreover, the letters were not very time sensitive, and we prepared them so they just met the pouch closing on Thursday, or later Friday, evening so the letters would reach ARA on Monday or Tuesday. Finally, perhaps foolishly, I was reluctant to give up sending the cartoons which I knew were popular in ARA. I refused to implement that inspection recommendation, and we went back and forth for a year about why it wasn't being implemented. This incident illustrates the silliness of some of the great many minor inspection recommendations. Finally the inspectors dropped the issue.

I was pleasantly surprised a few years later, after I returned from Argentinin fact, I think I had already retirewhen the subject of these ambassadorial letters came up at a Washington-area dinner in honor of Ambassador Gildred. Tony (Langhorne) Motley, who had been the ARA Assistant Secretary during much of my time in Argentina but had departed before Ted Gildred came to Argentina, mentioned the letters he had received to Ted. “You know, I spent much more time than I should have as Assistant Secretary on Argentina because these letters came most weeks; they were interesting reading. So I spent time reading them and then got more involved in Argentine matters, but Argentina was interesting. Besides, one had to see the cartoon in each letter. I wish I had a collection of those cartoons.”

I would like to go back to a couple of things that happened in Argentina that we didn't cover last time.

Q: OK.

BUSHNELL: The support of democracy was absolutely key to success on all the things we were trying to do. We already talked about various ways we helped to strengthen the civilian defense ministry. But there was the other side of the equation, which was working directly to prevent a coup, keeping in mind that every Radical party government in this century has been thrown out by the military. I had one valuable secret resource. The assistant Army attach# was on his third tour in Argentina. He had come on a military student exchange to attend the Argentine Army Academy for a year or maybe two years. He had married an Argentine, so he was interested in coming back , and he'd come back for a second tour and was then back on his third tour. Lt. Col. Olson had been working in or with the Argentine Army for practically ten years.

Q: That's quite a number of years.

BUSHNELL: He had become part of the Argentine society. His wife was from a military/ business family which added to his contacts in the military community. Of course, with the passage of time his fellow students at the Army Academy had advanced in responsibilities and rank. Thus many Argentine colonels were his lifetime friends. He was a social person, and he spoke fluent Argentine Spanish; often at social events Argentine officers forgot he was in the US Army, not the Argentine Army. As he was getting ready to leave the Argentine assignment, I sat him down in my office and said, “Bob, tell me, who among the Argentine senior officers could lead a coup and have the army really behind him? Give me the three names that come to mind.” He said, “Seineldin, Seineldin, Seineldin.” I said, “I get the message.” He said in his view there wouldn't be a coup in Argentina if Seineldin were against it. Well, I'd never heard of him. Mohamed Ali Seineldin was a colonel, a class or two ahead of Bob. He was sort of the all-around soldier who could shoot straighter (an Olympic champion), run faster, inspire his troops, project the image of the well-groomed, disciplined officer. During the Falklands War he had led his troops on to the island and later in charge after charge of British positions. He was a charismatic figure, and despite his name he was Catholic and often wore a large crucifix around his neck. He was also as

fascist as they come, with strong anti-Semitic beliefs. He was so opposed to the return to civilian, or at least Radical Party, rule that the Argentine Army had sent him away as the attach# in Panama.

When I educated myself about Seineldin with the help of Lt. Colonel Olson, Seineldin had been in Panama over a year and a half of his two-year tour. Some time later when I was having lunch privately at home with Jaunarena, Vice Minister of Defense, I asked him what he was going to do with Seineldin when his Panama tour was up in a few months. He said, “Who's Seineldin?” I explained to him who his best but most dangerous soldier was. He said, “We have to do something.” This incident showed me how really weak the intelligence of the Radical Party was concerning the military. By this time the Radicals had already been 18 months in the Defense Ministry, and they still had not figured out who the upcoming Army leaders were. At our next private meeting Jaunarena said they had examined the Seineldin situation and they knew something had to be done. He asked if we could not find a way to keep him in Panama. I said, “You can tell him to stay there as the attach#.” He said, “We can't do that because somebody else is already selected and in training to go. Please see if you cannot find a way for him to have a role outside Argentina.”

I was going to Panama within a week or so to a Panama Canal Board meeting, and I called and arranged to have lunch with the CINC, General Paul Gorman. I explained to him the Seineldin problem. He was really high on Seineldin whom he described as a great soldier, which he undoubtedly is. Gorman said the US Army was considering giving him a decoration. I suggested the CINC have the Army check with State first, and I alerted ARA in one of the official informal letters to avoid a potentially embarrassing decoration. Gorman's staff came up with the idea of the Panamanians inviting Seineldin to stay a year in a training role working with a program also involving US military instructors, provided the Argentines paid him. I made that arrangement with Jaunarena, and Gorman got the Panamanians to extend the invitation. Seineldin stayed for another year in Panama. Of course, he did come back after that. He did lead a military uprising, in fact two, one while

I was there in April 1987 and then a larger, more deadly one in December 1988. At least the Radicals had an extra year to consolidate their position and arrange to monitor his activities on his return; small advantages from quiet diplomacy can made big differences.

The April 1987 uprising was basically a military protest against attempts by some politicians and the courts to punish junior and middle-grade military for actions during the dirty war. A Major Rico and Col. Seineldin and their forces took over the main military base on the outskirts of Buenos Aires to protect officers from arrests ordered by the courts. Their forces were somewhat disorganized, partly because we and the government had heard something about such an action coming and were able to take some measures. The military outside the one big base did not immediately join the uprising, but they did not respond to the government's order to move forces toward Buenos Aires. Seineldin had managed to have some tanks at the occupied camp which he threatened to move on the city, but most tanks was stationed further south and did not move.

The standoff lasted for several days. Both the Radicals and the opposition Peronists called out their followers for large demonstrations in the center of Buenos Aires in favor of democratic institutions. The military detained some human rights activists who demonstrated near the military base. Alfonsin tried to negotiate a solution. The U.S. could do little more that make public statements in favor of the government. I suggested we have the CINC personally call Seineldin from Panama to urge that he resolve the issue with the government peacefully and democratically so that our military-to-military relations did not again go into the deep freezer. He did call. Our military officers in the Embassy made the same point to as many of their contacts as they could, both those at the insurgent camp and others, but the military group was locked out of their offices at military headquarters and had little contact. On Saturday morning, about the second day of the action, State had a working group gathered in ARA, but they did not have much to do. I suggested they get the AFL-CIO leaders to make a public statement and to reach out to their labor contacts in Buenos Aires to urge them to show public support for the government as by far the lesser of what they considered two evils. Such support for the government turned out to

be very important; labor and many others did turn out for gigantic rallies on Saturday night and Sunday, over a million people demonstrating in favor of democracy. I think the size of this public support as much as anything else convinced the military they had to back down. Alfonsin and Congressional leaders agreed to work for an additional law to prevent punishment of lower ranked military. It was soon passed. In 1988, however, Seineldin joined with groups from the extreme left in a larger uprising which resulted in hand-to-hand fighting among the military and many deaths.

The bottom-line is that US diplomacy can work effectively for even the broadest objectives if it is imaginative in using the considerable resources at its disposal, including a unique attach# who knew the military better than most. The other thing I should record, because other people may well talk about it, is the visit of ex-President Carter to Argentina.

Q: When was this?

BUSHNELL: In the fall of 1984, October probably. I can place it because I had recently returned from home leave; my wife had not yet returned, and the DCM residence was under repair so I was living in a temporary apartment near the Embassy. Carter decided to make a visit to South America including to Argentina. My first problem was that Carter had fired Ortiz as Ambassador to Guatemala. The Ambassador was personally very put out that Carter wanted to visit Argentina and particularly that the Secret Service insisted that Carter stay at the Ambassador's residence. I tried to convince the Secret Service that one of the large hotels would be more secure than the residence, but I made no progress. A big investment had been made in security for the Residence although I thought it was still very exposed. Finally, Ambassador Ortiz solved the problem by arranging to make a trip to the U.S. such that he would be away for a few weeks, including the time of the Carter visit and some time before and after. Before he departed the Ambassador asked me as a friend not to allow Bob Pastor, who was traveling with Carter, to stay in the residence; there was much bad blood between them. I moved into the residence for the time of the

visit and gave Bob the nearby apartment I had been using, explaining that I thought he would not want Ortiz's quarters.

The Argentine Foreign Ministry was arranging most of the events for Carter, and planning seemed to be going fine. I was concerned about security because Carter, though he was very popular among the human rights people, for exactly the same reasons was very unpopular among the military and some of their far right supporters. Punishing human rights violators among the military and police was a major issue of national debate, and tempers were high among the security forces and particularly among former members of the police who were by then making money as gangsters. I recalled a senior military officer telling me with apparent pride that he would personally have killed Patt Derian when she visited except for the fact that she was a woman. We had scheduled only a couple of large public events such as a lecture at a university, and the Argentines promised to provide intense security coverage. Then, much to my horror, about two days before Carter was to arrive, some idiot at the Foreign Ministry gave the whole detailed schedule to the newspapers which published every detail.

I considered this really an unforgivable security breech because anybody who wanted to do anything to Carter would know where he was going to be and when and where to plan an attack. I then sent to Carter in Lima and to Washington a cable recommending we cancel the visit for security reasons. Probably Carter and many others thought I was doing this because of Ambassador Ortiz, but in fact it wasn't. He'd left long before the leak and my recommendation. Anyway, Carter decided he really wanted to come despite the increased security problem. The Secret Service urged that we completely change the schedule, which was done including moving the lecture at the university to a discussion with invited students and faculty at the residence. The Secret Service sent additional agents. The visit went smoothly without any security problems. We did have one, in retrospect, humorous incident. As we were coming down the steps of the Congress building, a fellow came running down the steps toward us. My first thought was that this guy was going to attack the ex-president, but I didn't see any weapon. He got

close enough to have been a disaster if he had had a weapon before a Secret Service agent tackled him. As he began to get up surrounded by Argentine police and our agents, this guy fell to his knees and yelled to the ex-President, “I thank you, I thank you, you saved my life.” I learned he had been a political prisoner who was on a list that Patt Derian had urged the military to release. He was lucky that he didn't get wiped out by us or the Argentine police as he tried to thank the President without any warning. Otherwise the visit went well, although my military contacts were extremely unhappy with it as they saw it and the publicity surrounding it as rubbing salt in their already considerable wounds.

Of course an ex-president visit is a major strain on an Embassy, although he is at that point only a distinguished private citizen and does not speak for the current Administration. Far bigger strains for the embassy were the large Congressional delegations which visited every year except my first, when there was still a military government. We had at least two or three Congressional visits with multiple members of Congress each January when our Congress is generally in recess. Because January is the middle of summer vacations in Argentina and the Argentine Congress is not in session, it was extremely hard to round up the right senior Argentines to see our Congresspersons. We had to encourage Argentines to come back from vacation at the seashore, mountains, or Punta del Este. Many would come back, but many would not, and we were stuck scheduling meetings with the second or third level, whoever was in town. Of course every delegation wanted to see President Alfonsin, and he always agreed. He commented to me once, “John, I've seen everybody in the US Congress here. I see more US Congressmen than I see Argentine Congressmen.” By and large, these Congressional delegations were helpful, especially on democracy and nuclear issues, but January was not when I wanted to have them.

Q: Who were some of the Congressmen?

BUSHNELL: Oh, it would be a very long list. Someone made me a list at one point. I think that we had had something like 180 members of Congress who had visited Argentina while Alfonsin was President..

Q: Really?

BUSHNELL: Dan Rostenkowsky led one large House delegation which was concerned with Argentine policy on Central America and caused considerable problems. In January 1984 soon after Alfonsin's inauguration several Senators including Baker, Mathias, and a couple of others visited, and this visit coincidentally produced one of my favorite stories about surprises in the Foreign Service. The Argentine Congress had been elected although it hadn't really gotten organized yet because the new government had started in early December and then they'd gone on Christmas vacation, annual vacation. I said to the political section, “Since none of our Senators speaks Spanish, let's invite those newly elected Argentine Senators who speak English to a dinner at the residence; there must be eight or ten; give me a list.” I knew two or three who spoke adequate English, but most of the 46 Senators I had not met at that point. On the list of English speaking Senators was a Senator Kenneth Ward Woodly from Chubut province in the south; with a name like that I certain did not question his English abilities, thinking he was an Anglo-Argentine. When he arrived, it was quickly obvious he didn't speak a word of English. He was of Welsh ancestry. He spoke Welsh and Spanish only.

Argentina has a significant Welsh population which still dominates a few areas in the South. The table plan for this dinner placed American Senator next to Argentine Senator, although several others were also invited. Fortunately the Embassy's extremely capable social secretary, Ernestina Acuna, would come to the residence as guests arrived to make necessary changes in the table arrangement, often because we had guests who did not show. I told her to move Senator Woodly next to my wife and another Spanish speaker (an example of how the Foreign Service gets two for the price of one).

Ann spent much of the dinner in conversation with Senator Woodly learning about Chubut and comparing stories of her Irish ancestors who migrated to the States to his Welsh ancestors who had gone to southern Argentina. At one point she turned to her other side just as the man across the table said, “Six,” in Spanish and the man next to her said,

“Seven.” She caught the momentum and said, “Eight.” Then she said, “Now, what are we talking about?” They said, “Our birthdays.” The birthday of the person across the table was the sixth while that of the man next to Ann was the seventh. My wife said, “You won't believe it, but my birthday really is the eighth.” One said, “Oh, what month?” Coincidence of coincidences, they were born the sixth, seventh and eighth of April, not of the same year however. Still the odds against such a birthday series among dinner partners must be many thousands to one.

Later that year I organized a combined birthday party at home on the seventh of April and invited the two men, one of whom, Julio Werthein, was a leading Argentine banker, and the other, Alec Perry, was the head of an American mining firm. The following year we went to Julio's yacht for a birthday party. My final year Julio called me in January and said, “I hope you will save the night of seven to eight of April for the party of the century.” We went to the party of the century, his party for his 70th birthday. He rented the largest nightclub in town complete with two bands and hundreds of guests. At about one in the morning of her birthday Ann was in the middle of the dance floor with Julio cutting the gigantic cake. We departed before three o'clock because the next day was a work day for me, but the party was still going full blast. When I got to my office that morning about 9, the political counselor came in and said, “You don't look too bad for not getting any sleep.” I said, “Not much sleep.” He said, “On the radio as I was driving in to work, I heard that Julio's party of the century was just breaking up.”

Q: You received the Herter Award in 1986 for assisting democracy and economic reform in Argentina. Any comment on that?

BUSHNELL: That award was a big surprise to me. My secretary brought me the morning cables one day and said, “Wow.” I looked at the top cable, and it announced the Herter and other awards. Soon the phone was ringing with congratulations and arrangements to go to Washington for the award ceremony. I don't know whose idea it was to nominate me, but I was told the nomination was written largely on the Argentine desk based on

the weekly letters which regularly outlined what we were doing to protect democracy and promote economic reform. It was a needed great boost to my ego, as about that time I learned ARA had not been able to get me on the list for any ambassadorship.

Q: You also received a $10,000 Presidential Meritorious Service Award in 1985 and a State Individual Superior Honor Award in 1987. Any comment in just a few seconds?

BUSHNELL: One benefits from having a long tour in a place which makes good progress. I think the Meritorious Honor Award was promoted by Ambassador Gildred to thank me for his on-the-job training program. Fortunately he was very eager to learn and to do a great job. He spent an immense amount of time getting to know the military. He was able to do it better than any career officer could have, because he was an outsider, a pilot, and a friend of the President of the United States.

Q: This is Wednesday, September 9th, 1998. John, when did you leave Buenos Aires, and what did you do after that?

BUSHNELL: I left Buenos Aires in July of 1987 after five years there without an ongoing assignment. ARA continued to recommended me to be a Chief of Mission, but there continued to be great political opposition because of my role in the Carter Administration. I came back to Washington without an assignment; I was able to take a leisurely home leave. Then I was detailed to a Department of Agriculture promotion board in the fall. After that Shaw Smith, who was a DAS in IO (International Organization Affairs), asked me to do some work for IO while I was between assignments.

Q: What was that?

BUSHNELL: The context was that Gorbachev was making changes in Russia and there were indications that Russia was adopting a less confrontational approach to international affairs. The issues I addressed were whether and how we might work with the Russians in international organizations to accomplish our objectives, particularly in terms of budgets,

peacekeeping, and a few other issues. I read what was coming out of Russia. The picture was confused because, although I was certainly convinced by what everybody said that the situation in Russia was changing, nobody knew exactly how. I got as far as identifying a few areas and initiatives where we could test Russian willingness to cooperate building directly on statements Gorbachev had made indicating changing policies. However, the project did not get far because at that stage, at the end of the Reagan Administration, there wasn't much willingness to change US policy or rhetoric in any direction.

Q: This was late '87, early '88?

BUSHNELL: Yes, through the first months of 1988, I still had no assignment and not much work. The next thing that came along was the Accountability Review Board on events in Honduras. There had been a big demonstration against the capture and sending of a drug lord to the United States. The embassy annex, a large US-owned office building across the street from the Embassy where AID and some other agencies had offices, was invaded, sacked, and burned. US legislation dealing with overseas security had recently been changed to provide that, when there was major damage to State Department property or official Americans seriously injured or killed overseas, the State Department had to convene a board to establish responsibility and make recommendations for policy changes. There was Congressional concern that it seemed no one was ever responsible for the bad things that happened to our installations and diplomats and that State was not learning from the bad experiences. The Accountability Review Board, which was required to have some members from outside the government, was required to submit its report to Congress as well as to the departments and offices involved, and follow-up reports on recommendations were required from the involved departments. This Honduran incident was the first case in which there was a clear requirement to have an accountability review board. Some in State, especially in the diplomatic security offices, did not like the concept of the board because it seemed to have amateurs interfering in security work. However, the law gave State no discretion. Ron Spiers was the Under Secretary for Administration and had the responsibility for setting up the boards. He asked me to be the executive

secretary of the first board and to figure out how such boards would work and what such boards could usefully do to make a constructive contribution while fulfilling the legislative requirements without unduly upsetting the responsible offices in State. That was all the guidance I had except for the wording of the legislation.

Q: Was this an actual assignment?

BUSHNELL: No, I continued to be in over-complement status. Initially it appeared to be about a three month task. The first challenge was to recruit the members of the Board. State, ever budget conscious, thought the members should not be paid except for TDY and other expenses. I fought to have non-employees paid as consultants. I recommended we try to get a well-know political figure, preferably a former member of Congress, to chair the board because such a chairman could smooth the way for the report with Congress and lend credibility to the process. Various 7th floor principals had good proposals for chairmen, but none of those suggested was available to serve. I suggested former senator and representative Charles Mathias (R. Maryland). I spend quite a bit of time explaining the job and the Honduran incident to him. Mathias really wanted to do it, but he felt he could not take the time from his increasingly busy law firm work. Finally, Spiers persuaded Ben Read, who had been Under Secretary for Administration during the Carter Administration, to chair the Board. We recruited the head of security for Bristol-Myers, Joseph Lucca. Two retired Foreign Service ambassadors, Carol Laise and Tom Boyatt, readily agreed to serve. Willis Reilly, Deputy Director of Security for CIA, was assigned by his agency. The five members worked a few days here and there as we did interviews, made a trip to Honduras, and reviewed the report.

Essentially I had to establish the parameters of how the accountability board process was going to work. There have been a lot of accountability review boards since, but this was the first, so there was no example to follow. I proposed that the first stage would be information gathering in which the Board would interview the players and observers and read the few relevant documents. The second stage would be to try to reach a consensus

on why the incident happened. The third stage would be to develop recommendations for actions suggested by what the Board had learned. Finally, the report would be written. My goal was to keep the Board focused as much as possible on big policy issues with little or no focus on individual performance questions, which were in my view best left for the employing agencies. In fact, Ben Read and I met with the heads or inspector generals of a couple of agencies to report on questionable performance of some individuals in the field instead of dealing with these issues in a specific way in the report.

I went to Honduras first as a sort of advance. The Ambassador to Honduras, Ted (Everett) Briggs, was a friend with whom I had worked for years in ARA and then when he was ambassador to Panama and I was on the Canal Commission. I stayed over a long weekend with the Briggs and had lots of relaxed time to understand what had happened. The Board members arrived on Monday, and I met them and moved to the hotel with them. In the course of a week of talking individually with many US officers we developed a good understanding of the incident. Ben suggested we tape record our interviews; thus we could refer back to what one or another person had said as we later wrote the report in Washington.

Q: And what did your report say?

BUSHNELL: There were a couple of key questions. First, there was the question of whether or not US actions had been too provocative. There was considerable truth to the demonstrators' claim that we had kidnaped the drug lord in Honduras. The Honduran government was divided internally. Some officials were protective of the drug business either because they were paid off or because they thought the business brought considerable money into what was a very poor country. The Embassy had worked with the deputy head of the national policI forget exactly what he was calleon arresting this drug smuggler because the Embassy had good reason to believe the chief was corrupt. The drug lord was not a native Honduran, but a Mexican, who had lived many years in Honduras acquiring official residence and spending lots of money while running a major

drug smuggling operation to the United States, largely not otherwise involving Honduras. The Embassy estimated the usual extradition process would take, at best, years and that he might well buy his way out of it. Thus a scheme was developed with the deputy police chief, who had agreed to a joint operation with the US Marshals to grab this guy and take him out of the country, initially to the Dominican Republic whence he would be officially excluded and sent to the United States. The marshals, who were involved because US courts had issued arrest warrants, had come in with their aircraft. Then, although the plan was for the Honduran police to arrest the guy when he went out jogging in the early morning, they didn't act and the nearby marshals moved in to grab him although they had no authority in a foreign country. The Honduran police then joined in and helped escort him to the marshals' plane. The plan proceeded and was a success.

However, apparently the drug gang distributed quite a bit of funding to leftish students and professors who objected strongly to the operation and denounced the US and Honduran governments and called for a big demonstration against this US “invasion.” The military, which included the police and had great influence in the government, was quite divided and did not really defend the action. A large demonstration formed in the vicinity of the university and some government buildings in late afternoon. About six PM some of the leaders urged the young demonstrators to march on the US Embassy which was a mile or so away. This was by no means the first demonstration against the US Embassy; remember this was 1988 and the Nicaragua contra operation was still in its final stages but by then much exposed in public in both the U.S. and Honduras, which had been the main contra base and had a very large US presence for a small country. Normally the police and sometimes even some military units took positions around the Embassy and did not allow demonstrators to get close. This time the head of the police, who had not been advised of the arrest operation, refused to send any protection to the Embassy. The few policemen whose normal posts were near the embassy either fled or were ordered away. Thus the demonstrators had free access to the US facilities. The AID and Administration office building was not as protected by fences nor was it guarded by Marines, and it became the

focus of the demonstrators' wrath. Eventually the demonstrators produced a battering ram to knock down the main door. The building was then looted, and various fires were started. The Honduran fire department refused to pass through the demonstrators without police protection so the building was largely gutted. Eventually the Ambassador got the President of the country to order the police to break up the demonstration. The demonstrators never really attacked the Embassy itself where there were a few Marines. No Americans were injured or killed although the property damage was in the millions.

In short the basic reason the building was attacked and burned was because the host government did not provide protection as required by treaty, agreement, and usual practice. Arresting a major drug smuggler was certainly a valid US objective. Perhaps the marshals could have been more diplomatic in working with the local police; perhaps some assurances of protection should have been obtained from the highest possible Honduran authorities. But no one on the Board was inclined to second guess the Embassy on these points, which were obviously much clearer with hindsight.

Q: To whom did the report make recommendation?

BUSHNELL: The report was to the Congress, but it also went to the Secretary of State and to the heads of various other agencies involved and was also distributed both in draft and in final to various offices involved. It was classified.

Q: Did it have recommendations?

BUSHNELL: Yes. The most important recommendations dealt with communication among various intelligence agencies and between these agencies and the Embassy, particularly the Embassy security officer. We found that various parts of the US intelligence community had quite a lot of information about the potential threat to the Embassy from this demonstration but this information was not passed to the Embassy security officer. He had tried to use his own people to gather intelligence, but even when his people learned the demonstrators were heading to the Embassy, they could not reach him.

Among our recommendations was that a single senior officer or office in the intelligence community should be responsible for consolidating and assessing all intelligence dealing with Embassy security and for keeping the security officer as well as the ambassador fully informed. We also recommended that security officers should maintain close and continual touch with the intelligence coordinator and that special radios or other equipment should be provided for this purpose wherever they were needed.

Other recommendations suggested that embassies should have meetings of their emergency action committees when an upcoming event or announcement might result in a substantial change in the security situation and that each committee should have a procedure to notify all official Americans quickly of such a change in the situation. We were lucky that several official Americans who were moving around the city for entertainment purposes that evening and came upon the demonstrators did not get hurt, although some of their cars were damaged. Some of these Americans were AID regional auditors who used Honduras as a base but audited throughout the hemisphere. We recommended that such functions be conducted from Washington or another US location. There was no reason any embassy should have responsibility for a lot of dependents when the employees were away most of the time. AID fought this recommendation because it claimed it could not recruit such personnel as auditors except by offering them the housing, education, and even hardship allowances that went with assignment to a post such as Honduras.

Q: Did you speak with Congresspersons about this report? Were there hearing or anything?

BUSHNELL: No, I never heard anything from Congress after the report was submitted. The State Department sent its own report at about the same time indicating that all the recommendations were being implemented. I worked on some interagency policy cables and coordination with the intelligence community to bring about the recommended changes.

Q: Was there any result?

BUSHNELL: Yes. I think the intelligence community took embassy security more seriously and both the intelligence community and diplomatic security in the State Department took steps, from training and security clearances to communication equipment to improve communication on embassy security matters. More attention was given to security for personnel in the embassies and that of other military personnel in country. However, there was no earthshaking recommendation or improvement.

One issue, which we discussed at length among the Board members but on which we made no recommendation, educated me personally to our great advantage a couple of years later in Panama. In Honduras the off-duty Marines never moved from the Marine house to the embassy. Thus the embassy was in fact defended only by the two or three Marines on duty. During the first nearly half hour when the demonstrators were arriving in the vicinity of the embassy there was ready access to the embassy through its back gate. In fact quite a few embassy personnel departed during this period, and the off-duty Marines could easily have entered by the same route if they had been called in. The highest priority for Marines guarding embassies is to protect the classified information and communications. Had the demonstrators made a determined assault on the embassy itself, the duty Marines might well have been overrun with resulting great security breaches. Another dozen Marines in the building would have provided a much more enduring defense. (More than the normal complement of Marines was assigned to Honduras at the time.) Some members of the board seemed to think that putting more Marines in harm's way was not a good idea. In December of 1989 when I was Charg# coordinating the Noriega operation in Panama, I ordered all the embassy Marines to be in the embassy on the night of the attack, calling it a drill. When some of Noriega's thugs attacked the embassy with rockets that night, all the Marines were needed to put out fires and contain damage to avoid the old wooden building burning to the ground.

Q: And you were in the Administration Bureau at this time?

BUSHNELL: Not when I started the Accountability Board, but in the summer of 1988, when I still did not get a regular assignment, I was reassigned from ARA over-complement to a vacant position in management for a year. The Accountability Review Board had been given a suite of offices on the first floor. I continued to use my office there well after most of the Board's work was done. In fact the second board was convened later in 1988 to cover the killing of an American officer in Greece. This board used the same suite of offices, and I provided informal assistance to Ambassador Jay Moffat as he adopted most of the procedures I had set up for the first board. During this time I worked directly with Ron Spires. The accountability board was supposed to be independent of the State Department so it could criticize the State Department if that were appropriate, but I kept Ron informed informally of what the board was doing. Since I still wasn't given an assignment in the summer of 1988, Spires asked if I would work on some management issues. One was housing policy, which had been a big problem for me in Buenos Aires and which was a problem worldwide. How could the housing policy be more fair to all employees, while keeping the cost reasonable?

Q: What were the parameters in the housing policy?

BUSHNELL: The basic principle was supposed to be that employees should be provided housing overseas comparable to what employees at the same grade with similar size families had in Washington. That's a fine general principle, but it's very hard to apply in the real world. In the first place most employees in Washington purchase houses or condos. The tax code favors such purchases, and employees also benefit from appreciation in housing values, thus often permitting them to move up to larger housing. The theory was that tax free housing or housing allowances overseas compensated for these Washington advantages. However, overseas housing regulation were based on space. Since many Washington families had additional space because of their tax and appreciation histories

or expectations, the space criteria was held down by using the median figure - i.e. the size with half above and half below instead of the usual average.

Even more important most overseas' housing markets are very different from Washington's. In some tropical locations houses are large and open because there is little air conditioning. How do you fit the substitution of space for air conditioning into a policy based on square feet? Most embassies had to give major consideration to security in selecting housing with both location and physical structure considerations. Trying to comply with rigid space criteria could force undesirable trade-offs with security. Normally good quality housing close to embassies or the State Department is much more expensive per square foot than housing in outlaying suburbs. Yet space standards do not take that cost consideration into account. Thus the policy provided an incentive for employees overseas to take smaller but expensive close-in housing, even if these employees would have preferred more suburban housing which would have been cheaper but bigger than the space standard. In practice most embassies were cost conscious when taking long-term leases but less focused on cost when individual employees were renting on the private market. In some places it was very difficult to rent anything regardless of space or cost. In some European cities and Japan rents had reached fantastic levels in comparison with the United States, even for apartments well below the Washington average space.

In Argentina I found at one point that a junior officer on his first tour who had four children was being given a big, what I would consider representational, house much more appropriate for the head of the consular section than for the most junior officer, and substantially bigger than what the head of the section or anybody else in the consular section had. The most junior person coming in was getting the biggest house solely because he had a large family. This housing assignment would have created morale problems, and I had to stop it, although square footage was within the criteria for a large family.

Q: What was your mandate for this housing study?

BUSHNELL: What Spires wanted was for me to lay out the problems and suggest options for improvement, which is what I did.

Q: It was just you as an individual?

BUSHNELL: Yes, I had no staff. Of course I discussed issues with FBO and various people in the geographic and other offices. I talked with a lot of DCMs and others from the field that were dealing with the housing criteria. My primary recommendation was to introduce a monetary criteria so that a small penthouse in the best building in town did not qualify the same as equal space in a house in a remote suburb which was space-wise the same but several thousand dollars a month less expensive. The monetary limits were of course higher for employees with higher salaries, but not for large families. Both space and monetary ceilings were higher for employees with significant at-home representational responsibilities, although I recognized that fewer and fewer Foreign Service officers were prepared to do frequent at-home representation.

Some of my recommendations have been adopted, but the main thrust on housing policy has been FBO's effort to provide government-owned or government leased housing. Because such housing is normally furnished, the government reaps substantial savings on shipping household effects. Some senior and middle-grade officers and their families are not pleased with assigned housing, which too often is in embassy ghettos. But the space provided in government controlled buildings can more readily conform with Washington standards, and costs can be controlled through embassy negotiations while giving a high priority to security considerations. My inventory of problems with existing housing policies was useful in getting senior management and budget officials to accept FBO proposals. Because FBO could get only very limited appropriated funds to build housing, I also pressed for expanded use of long-term contracts under which local investors would finance and build housing to our specifications with leases for 20 years or so. This practice has increased. One complicating factor on housing policy is that other agencies tended to have their own different policies and criteria. Reaching an interagency consensus on

almost any housing policy was practically impossible because each agency wanted to maintain the flexibility to provide what it thought was appropriate housing for its people.

Q: What other administrative management areas did you work on?

BUSHNELL: Another major project was the representation function, not just the representation allowances, which were often a major problem, but the entire issue of training and motivating officers to use representation as the important tool it can be in promoting their work and US interests. Because of inflation real representation funds for most posts had been cut back over the years, and there was little budget priority for representation funds. There was a debate among senior managers whether officers should be required or expected to do representation, particularly outside normal duty hours. As I had found representation functions absolutely essential to doing my job in every foreign assignment, I could not really comprehend the view that diplomats would conduct their business virtually exclusively in their offices and those of their counterparts. I had benefited from having a wife who carried a lot of the at-home representation workload and did it exceptionally well. In today's Foreign Service many spouses have their own careers and interests and do not have, or do not want to make, time for at-home representation in connection with their spouse's career.

I prepared an extensive, 15 pages or so, questionnaire which I sent to all DCMs worldwide dealing with every aspect of representation. I took a lot of time to work on the questionnaire so that it would give DCMs some ideas as well as gather information and suggestions. To keep down the amount of time needed to fill out the questionnaire I kept questions general and offered multiple choices as much as possible. One clear conclusion was that most DCMs thought there was enough money. There were a few posts which had extravagant ambassadors who used 80 or 90 percent of the funds; then there wasn't enough money for others. DCMs didn't say that their ambassadors were extravagant, but, when the ambassador used most of the money, DCMs often said there wasn't enough money for other officers.

I also found that most embassies were getting much less support in the representation function from other agencies than had been my experience. For example, I asked if other agencies contributed significantly to large functions such as the 4th of July reception. Generally they did not. I asked about support from the private sector for embassy functions. Generally there was little or no support, although a few posts reported really large contributions. For officers other than ambassadors the responses indicated a trend to spending representation funds in restaurants and other places and away from at-home entertainment, although almost all DCMs thought at-home entertaining was both more effective and cheaper. I was surprised that few posts had specific programs or allocations to encourage junior officers to do some low-budget entertaining. Most DCMs left the allocation of representational funds to section heads. The consular section usually got very limited funds in comparison with the economics and political sections. Since most junior officers are in consular sections, the allocation procedure did not encourage junior officer representation. Most DCMs thought junior officers were not eager to do representation and that many needed training in how to use representation effectively, but few seemed to have any concrete program to deal with such junior officer training or even to see that they experienced a range of representation functions run by senior officers.

In Buenos Aires I encouraged all junior officers to do some contact and representational work even while they were very busy in the consular section. I met every couple of months with all the junior officers. In part this was an opportunity for them to complain about anything bothering them. But I insisted on discussing what the views of Argentines their age were. I set up specific goals for each to get to know some of the young political, business, and academic leaders. In some cases I assigned biographic reporting.
I established a separate allocation in the representation budget for junior officer representation so they did not have to ask their supervisors or anyone else for funds. It was not a large allocation, but most years I had to phone officers and urge them to get busy to use the funds by the end of the fiscal year. I made sure all junior officers attended at least one representation function at my house during their first two or three months at

post, and I added junior officers frequently to functions at the ambassador's residence. Some years I discussed with the junior officers specific subjects for them to explore with guests at the 4th of July or other large receptions. Then at our next meeting, I would expect a report. Most officers responded well to these openings. I note that the ones who did the most representation have had the most successful careers since. I had a couple of middle-grade officers in Buenos Aires who had argued for representational housing when they arrived because they said they would be doing lots of at-home entertaining. Then they did no or nearly no at-home representation. From the questionnaire I found that this situation was fairly common worldwide. Some DCMs even thought that representation housing was mainly to give the officer the prestige of a bigger house.

My conclusion was that more representation funds were not needed but that some juggling of funds to get more representation at more junior levels was desirable. My report was used by Spires to avoid a cut in the total representation budget. However, the main effect of the project was educating DCMs and getting them thinking more creatively about representation. Once I had received and tallied the questionnaires, I sent a summary of results to all DCMs. Thus I got two shots at DCMfirst the questionnaire and then the worldwide results. Many DCMs have commented to me that they got several good ideas from this exercise, and several have said the tally of results was useful in educating their ambassadors to allocate representation funds more broadly. In comparison with companies which have as many branches or stores as we have posts, the Foreign Service does very little to communicate best practices from one post to another in any systematic way.

Q: Did you continue working on management projects into 1989?

BUSHNELL: Yes. I was associated with the office of Management Policy headed by George Moose and then by Ed Dillery, and they prepared my evaluation reports. Largely, I just did my own thing. I did consult with others in that office on some of their projects, and they provided some help on mine. For some months I attended their weekly staff meetings.

Q: What did you think of the management area of the Department and especially Ronald Spires himself?

BUSHNELL: I sympathize with the people who have to do administrative management in a department where there are so many important issues and crises which are totally unrelated to administration. Management, after all, just facilitates the State Department doing its job, which is to manage relations among countries, not to manage people and money and deliver a production-line output. It takes a fair proportion of State's employees to facilitate its work, especially as State increasingly provides administrative and security services to many other agencies abroad. I found that career management people think ambassadors, DCMs, and assistant secretaries spend a lot more time on managing resources than they in fact do. The structure calls for those in authority in State to manage, but the practice is that most management is delegated to management specialists with far too little guidance. Given the increasingly complex nature of some administrative areas such as security and foreign buildings, empires develop within State which control these functions with relatively little interface with the principal users except through the management specialists representing the regional bureaus. Central management bureaus tend to issue dictums from Washington on the basis that one size fits all, while there is a tremendous variety of conditions in posts around the world. In the field one learns to manage around the dictums to solve the local problems that exist. The result is a fairly chaotic situation. Amazingly, everyone is flexible enough that in practice it works fairly well, but it is neither neat nor smooth..

Q: It's often observed that, although the Department of State has traditionally employed many highly competent and dedicated officers, the Department has not been managed well. Do you think that's fair?

BUSHNELL: Different people refer to different aspects of management. One could say foreign policy is not being managed well when there are open struggles between, say, State and Defense. Generally State tries to manage foreign affairs, but there is lots of

interference from Congress, other cabinet departments, and even private special interests. Such competing interests are characteristics of a healthy democracy, but State is often criticized for not making a nice consistent package out of the democratic clamor, for not getting difficult studies completed on time, or for not getting some foreign interest to do what someone would like.

Probably the most important resource that State manages is its personnel. My experience is that State usually has the right people at the right places, at least when the assignments are controlled by career officers. However, the process is messy and often not convenient for employees. Foreign Service officers describe this messiness as poor management. Certainly I was moved around at short notice and left without an assignment even more than most, and I did my full share of criticizing management, but I would have to admit that my actual assignments were more challenging and gave me more opportunity to grow than the initial assignments based in part on my own wish lists. In a rapidly changing world personnel and other resources have to be shifted as the situation and priorities change. I would argue State does a pretty good job of such shifting. What often appears to be poor management is really a reflection of the fact that no one's crystal ball is good enough to know far in advance in this changing world where specific skills will be needed.

State is also much criticized for poor financial management. Financial resources often have to be switched to follow changing foreign policy priorities. In 1977 State did not have money in the budget formulated nearly two years earlier to open an expensive interests section in Cuba. I would not call this lack of budget poor management. Since money had to be transferred from other things, there was an inevitable, although not disastrous, turmoil in several programs. I don't think it is fair to call such reprogramming poor management, but that charge is often made. Probably officers are discouraged from making as much effort as they should on long-term financial and personnel planning because their experience is that any such plans will be much changed. However, in such areas as communications, computers, security, buildings, and language training I think greater focus on long-term planning, including inputs from the most senior career

and political officers, would improve both State's actual management and the general perception of such management. A concrete positive example was Secretary Shultz' major personal input into getting a proper campus for the Foreign Service Institute, involving long-term budget and other decisions. However, long-term administrative projects generally cannot compete for the extremely limited time of State principals. Nor has it proven career-advancing for our best career officers to spend a lot of time on administrative type projects which in State must compete with the many foreign policy crises needing attention.

If you ask an ambassador about his management of embassy spending, most ambassadors won't even be able to give even a rough estimate of what the operation costs to run. If the ambassador has been paying attention, he could tell you the embassy budget for local operating costs including foreign national employees. But this budget includes only a small part of the total embassy costs. The budget for which ambassadors are theoretically responsible does not include the salaries and benefits of American personnel; even their housing costs and medical benefits are budgeted centrally, although the disbursements may be made by the embassy. Most of the costs of other agencies are not included, certainly not program costs such as aid, drug programs, exchange programs, or military operating expenses. Centrally procured items such as vehicles, communication services, and even many supplies are not included in the embassy budget. Capital expenditures were not allocated to embassies or even to regions during my time. The principal job of the ambassador and even the DCM is not to be concerned about how the embassy is spending its money. That's a very secondary concern and should be. In the past 20 years there have been too many proposals that the senior officers in embassies should concentrate on the administration of the embassy and its resources. The idea seems to be that, if the embassies are well managed, the relations between the countries will take care of themselves. But surely for State the key focus is on the relations among countries, and all the resource and so-called management questions are only means toward the end of good relations serving US national interests.

Resources are basically managed by Washington which is certainly not equipped to micro-manage use of resources in the field. Moreover, resources are divided into all these various pots so that State can justify funding to Congress, and to themselves, according to use. I always found that with modest planning and flexibility one could find the money for what was really needed. For example, in Buenos Aires in most years we were short of funds for security. Thus, for example, I had big concrete planters constructed and planted with flowers to place around the embassy perimeter to prevent a car bomb getting close, but I charged this security enhancement as a gardening expense as that was part of general maintenance where we had modestly more funds than we needed because of a favorable exchange rate. In a subsequent year we were allotted lots of security money. I said, “Alright, where are we spending operating funds for security?” I found our many floodlights. We kept floodlights on all night all over the grounds of the embassy and of my and other residences as a security measure. The electric cost for this security illumination was substantial. I said, “OK, let's make illumination a security expense instead of a general operating expense.” But such gaming of accounts isn't what ambassadors or DCMs should be spending their time doing. In fact, good administrative officers usually do this fitting the budget to the needs.

However, I don't want to imply that administrative issues are not important. Sometimes little things like getting the right person in a job, getting one or two new positions in an embassy, or finding funding for travel can make a big difference in accomplishing US objectives. As principal DAS in ARA I spent a lot of time on such administrative issues because of their importance and because the Department too often handled administrative matters independent of overall national interest considerations. Generally bureaus have little control over the size of their budgets. When there were new requirements, the first reaction of central management was that ARA should find cuts in ARA to cover them. If there were places where we could cut fat, such an approach was fine, but for major new expenditures such as opening the interest section in Cuba or expanding embassy staffing to promote the Caribbean Basic initiative or reform in El Salvador, we could come up

with only a part of the positions and funding. I would then lay out the case to a 7th floor principal, not to the administrative under secretary, to get a request from the Secretary or the Under Secretary for Political Affairs to M (management) to find ARA additional resources. Since it should not have been news to the administrative officers that the U.S. had major new priorities in these cases, in my view, it should not have been necessary for the 7th floor principals to get involved in arranging adequate resources where quite small amounts were involved.

Q: Do you have any sense if Spires made a difference during the period you were associated with him?

BUSHNELL: On the three or four projects I worked on, he was always eager to advance things. However, I had the feeling the operating offices under him paid little attention to his directions or priorities. The senior civil servant administrators had well rehearsed arguments of why things could only be done when and how they wanted. Spires preferred to manage by consensus, which is generally good, but this approach gave too many administrative empires veto power over what he wanted to do. For example, when the people who write regulationI didn't previously realize writing regulations is a separate little empirfound that I was doing a draft revision of the regulations on representation, they objected strongly. I found none of those assigned to rewriting these regulations had ever had any field experience with representation. To them the only purpose of the regulations was to make sure all the laws and established procedures were followed, not to guide and help people in the field use representation funds effectively to advance US interests. This small bureaucratic office saw my study as irrelevant. What all DCMs thought about representation did not appear relevant to them. I wanted to include guidance and suggestions as well as simple do-and-don't dictums. For example, my draft suggested that allocating some representation funds to junior officers was useful in training them to develop and use contactno requirement, just a suggestion that might help DCMs or section heads think about their training responsibilities. Finally, I just attached the revised

regulations to my report. Spires suggested, and he was right, that when the bureaucrats finally did their revision much of my work would by magic appear. It did.

Q: In fact, do you think any Under Secretary of State for Management has any real potential for bringing about significant improvement in the conduct of foreign affairs?

BUSHNELL: I would have to say no; major improvement in the conduct of foreign affairs would have to be led by the Secretary or perhaps the Deputy Secretary. However, there is another side to the coin. If management, led by the Under Secretary, doesn't do a good job of providing adequate resources in terms of money, personnel, security, and communications clearly State's conduct of foreign affairs with be very negatively affected. If an embassy needs to send a cable to Washington and it doesn't have the facilities to send a cable, that situation seriously damages our foreign relations.

Q: You received a Presidential Meritorious Service Award for $10,000 in 1988 even though you did not have an assignment. What was this for?

BUSHNELL: That was based on my work in Argentina. There is a long lag between one's performance, then the preparation of the evaluation reports, the meetings of the boards to make the awards, and finally the actual approval of the awards by the White House. These presidential awards are supposed to be for sustained superior performance over several years. For the award I received dated October 1988 the board met in late 1987 or early 1988; it considered my performance in Argentina in 1985-1987 with the spring/summer 1987 efficiency report the latest document.

Q: You'd already received an earlier Presidential Award for some of your work in Argentina.

BUSHNELL: Perhaps. My first Presidential Meritorious Service Award is dated September 1985. That was one of the first years such awards were made, and I think the board looked back somewhat more than three years to include my service in ARA, particularly as

acting assistant secretary for nearly six months in 1981. However, I don't know what drove the board's decision; my long period as charg# in Buenos Aires during the elections was also in the period considered. Such awards are given to an individual, at most, every three years. I received my third $10,000 award dated September 1991, and I assume that was based heavily on my work in Panama.

Q: So when did you first learn that you were going to go to Panama, and how did you learn about it?

BUSHNELL: Mike Kozak, who was the Principal Deputy in ARA, called me and said ARA was looking for somebody to go to Panama as charg# to replace John Maisto. John had been charg# since Ambassador Arthur Davis had been withdrawn in the spring of 1989 after Noriega had stopped the vote counting in the national elections. John's tour was up that summer; he had been assigned as Deputy Ambassador to the OAS, and he wanted to go to that job where he was needed. Dick Wyrough, who had been in charge of the Panama desk for nearly a decade, wanted someone who was familiar with Panama and the complex interface among the Canal Commission, the military Southern Command, and the Embassy. He had suggested me because of my long experience on the Canal Board and because I had had lots of senior policy experience. I said, “It doesn't sound like the best job in the world, but I'm unemployed so, sure, you can put my name forward.”

Q: Do you think your experiences with the Panama Canal Board was a decisive factor in that assignment?

BUSHNELL: Certainly it was a factor because I had worked on the treaties and then been on the Board until fairly recently. I didn't leave the board until 1985, and I had thus spent a lot of time in Panama although I left the Board before the worst of the Noriega era, but I had a great deal of background. I like to think that my extensive crisis management experience and my frequent close work with the US military, including particularly the CINC in Panama, had even more to do with the assignment. One of the biggest US

problems in Panama, I quickly learned, was the poor working relations and policy disputes between the embassy and the Southern Command.

Q: It was a while before ARA Assistant Secretary Aronson was fully on board for this assignment?

BUSHNELL: No, Aronson and the NSC Deputies' Committee agreed right away in July 1989, within a week of the first call to me. It took a couple months for State to process the assignment and to work out some unique complications. For example, the U.S. was conducting no business between the embassy and the Noriega government, not even asking for diplomatic license plates or clearing new people into the country. It was finally arranged that, for purposes of the Panama government, I would be assigned as an advisor to the CINC and enter the country under our military treaty, although for internal US government purposes I would be the charg# and would chair the coordinating committee including the CINC and the Canal Administrator because the head of the embassy is the president's personal representative. I was issued orders and an official passport as advisor to the CINC in addition to my diplomatic passport and an internal statement that I was the charg#.

Q: So you were still in Management until you went to Panama.

BUSHNELL: I continued to wrap up my management projects, but quickly I was spending most of my time in ARA or elsewhere getting prepared to go and working on Panama problems. The NSC deputies were meeting nearly once a week on Panama by Labor Day. The Panama desk was assigned many papers and other tasks to support these meetings, and I quickly began working on these papers. Getting Noriega out of Panama was one of the highest priorities for the Bush Administration, but most of the ideas being floated either had virtually no chance of working or were virtually impossible to implement. I did not want the NSC Deputies to think I could produce magical solutions. I also had to go right to work

on staffing the embassy as many of the key personnel either had left or were leaving and replacements had not been identified.

As I talked with the responsible officers in State, Defense, the NSC, and the intelligence agencies, I quickly saw that the problem of Noriega would be unmanageable unless the US government could be unified. Noriega's secret weapon was his ability to play one US government agency against another. Also I saw that Noriega, who was after all a life-long intelligence operator, had superior intelligence on US operations in Panama while our intelligence on Noriega seems to be what his people fed us. The embassy was in many ways the small player among US operations in Panama.. The CINC had about 11,000 military personnel and close to an equal number of American civilian employees, contractors, and Panamanian employees. The Panama Canal Commission had 10,000 employees including several hundred Americans, some of whom had been in Panama their entire lives. Quite a few of our military troops were actually Panamanians who had joined the US military, fought in Vietnam, and acquired citizenship. Thus both large US operations were deeply intermarried and intertwined with Panamanian society, particularly with the Panamanian military and ruling groups. In contrast, as part of our reduction of relations and for security reasons, President Bush had established a cap of about 60 on the number of Americans assigned to the embassy from all agencies, including the Marine detachment.

While the embassy, as a matter of policy, had no contact with the Noriega government, these other US agencies had hundreds of official dealings daily with the Noriega government, governed by the treaties under which we managed and defended the Canal and the military bases. Moreover, there were hundreds of social and other informal contacts daily. Part of the Treaty arrangements provided for a transition during which the US and Panamanian military occupied some bases jointly. Thus their offices or barracks were sometimes in adjacent buildings or in a few cases in the same building as the US military. The civilian government Noriega controlled, but did not micro-manage, was neither incompetent nor regularly violent. Most Americans found the Panamanians they

worked with and had been working with for many years nice and reasonable people. Most American residents of Panama opposed the Treaties because the Treaties would eventually end their jobs and way of life, and they generally did not understand why the U.S. was so opposed to Noriega. His services to the Colombian drug lords were of course not generally visible. Yes, he had cooked an election, but almost every election in the history of Panama had been cooked in one way or another. Thus I quickly saw I had an immense job to get the US side in Panama lined up and sending a consistent message to Noriega and his people. Noriega, of course, was not formally head of State. He was just the commander of the Army, which included the police. There was a civilian government with a Congress and a President which was elected periodically. Previous to May 1989 Noriega had managed to have his candidates win the presidency and a majority in the Congress, partly by financing the strong political party Noriega had inherited from Torrijos and partly by dividing the opposition by means fair and foul. But in 1989 the three main opposition parties had gotten together, with some help from us, and run a single list for president and the two vice-president positions against Noriega's candidates. When Noriega saw his people were about to lose, he stopped the vote counting. This interference with the election and the violence that followed provoked the U.S. and many other countries to remove their ambassadors and curtail relations with the Noriega government.

Q: Tell me about that election.

BUSHNELL: Noriega and his operatives tried hard to steal the election despite the presence of many observers from the OAS, including former US president Carter. Noriega set up several fake opposition parties because the election counting tables had one representative from each party. Thus Noriega assured his people were a majority of the election judges deciding election counting issues even though the opposition really was a common ticket of three well established parties. Noriega also employed the full range of election tricks used by governments in power such as transferring the registration of many known opponents to voting places far from their homes. He also had a rule adopted

that not only could military in uniform vote but they could vote at any polling place; many military spent all day voting in one place after another, although some Panamanians told me quite a few of the military did not vote for Noriega's candidates.

Noriega also made many mistakes. His hand-picked ticket polarized Panamanian society. The presidential candidate, Carlos Duque, was known as Noriega's business partner; the first vice-president candidate was his brother-in-law, and the second vice-president candidate was the man who had given him his start by recommending him for a place at the Peruvian Military Academy. Noriega played the American card well, and we played it poorly. He exposed substantial help which we provided the opposition, even capturing an American contractor who was running a clandestine opposition radio station. He placed many false reports exaggerating our help for the opposition, creating the impression the opposition coalition candidates were American lackeys. Our frequent and close touch with the opposition candidates and our well-intended efforts to provide people for their security and communications equipment helped his argument. Our frequent military maneuvers in Panamanian civilian areas during the election period were allowed by the Treaties, but they were conducted in a threatening way and regularly disrupted traffic and daily life. They revived anti-American hostility that had been very widespread before conclusion of the Canal Treaties. However, Noriega also overplayed his hand, for example by parading some officers who had been plotting a coup around military camps covered only with American flags while loyal troops beat them. Noriega misjudged Carter, thinking he would overlook massive election fraud to protect the Treaties in which he had invested so much.

The opposition made several wise moves. They enlisted the Catholic Church, with its presence throughout the country and a reputation for integrity, to run an informal exit poll and an independent system for collecting the first informal election results. At numerous polling places gunmen appeared as the counting was in progress, and the ballot boxes from such polling places later proved to favor Noriega's candidates by large margins. But the Church already had informal initial counts from many of these polling places showing

Noriega's candidates had lost. The Church's informal count showed about 70 percent of the vote for the oppositionot even close.

Q: Some claim that Noriega stole the election through systematic fraud.

BUSHNELL: The most decisive fraud was not to allow the people who normally counted the votes to count them. Despite all the padding of voting roles, multiple voting, and stuffing of some ballot boxes the consensus was that, had the ballots in the boxes at the time the polls closed been counted accurately, Endara, the opposition candidate, would have won.

Q: And the catch word was not who gets the votes that count but who counts gets the votes.

BUSHNELL: Some fraudulent counting occurred and some substitution of ballots by force, but even Noriega didn't claim the counting reached a point where there was a winner. As the fraud became increasingly evident on election night, as the Church's informal initial count was giving Endara the victory, and as some Noriega associates thought his candidate might lose despite the widespread fraud, Noriega simply stopped the counting and in a day to two suspended the election process. The OAS election observers pointed out the fraud. Former President Carter tried to meet with Noriega to mediate a peaceful solution. Noriega would not take his calls. Noriega's security forces refused to let Carter into the convention center which was the election and press center. Carter finally condemned the stopping of the election and the fraud in an informal meeting with the international press in a nearby luxury hotel. Carter said the opposition had won by a 3 to1 margin and Noriega's military dictatorship was replacing original tally sheets with false ones.

The situation was in suspended animation for a few days. Then the opposition candidates showed great courage. In the middle of the day they organized a motor caravan to go through the city of Panama gathering supporters with the apparent destination being the

presidential palace. The caravan even went through the poor areas called Chorrillos, where it was believed Noriega had strong support. But even there the three candidates standing on a truck received many cheers. Noriega apparently thought that, if the candidates seized the presidential palace, his regime might be finished. He ordered his riot police to stop them. The candidates got down from the truck and tried to negotiate nose-to-nose with the police, arguing they just wanted a peaceful demonstration. Then Noriega sent his dignity battalions into action. The dignity battalions, digbats as they were commonly called, were civilian toughs Noriega had organized to do much of his dirty work. They were petty criminals, gang members, and unemployed toughs from the poorest neighborhoods. Many of the digbats were on the payroll of the government-owned electricity company and other state entities where some did limited security work. Noriega had employed some such toughs for many years, but the ranks had been substantially expanded in 1988 and 1989 as his confrontation with the middle-class and with the U.S. intensified. During this period Noriega had brought in Cuban military and intelligence advisors to teach his military the sorts of techniques not taught by the American military that had trained the Panamanian Army for decades. Some of the Panamanian military who were trained by the Cubans in street violence were detailed to train the digbats; probably the Cubans also provided digbat training, but I never confirmed such Cuban training. Noriega special force troops were reported to operate at times in civilian clothes with the digbats.

As the stand-off between the opposition politicians and the riot police continued, the digbats arrived on the scene. Some carried two-by-fours with rusty nails; some had rubber hoses; some steel reinforcing rods. They wore new purple and blue T-shirts, never seen before, for identification and intimidation. The digbats reportedly yelled, “Yanqui' no” (Americans no), because their training had been focused on fighting Americans. As the crowd quickly filtered away, the small group of politicians and middle-class businessmen faced a sort of attack never seen before in Panama. The first digbat hit Endara, knocking off his glasses, and another digbat crushed the glasses with his foot as Endara reached

for them. However, Endara's bodyguards, who had been trained by the United States, quickly rushed him down a side street. The first vice-president candidate, Arias Calderon, was pushed over and thought he might suffocate under the running crowd before his body guards were able to push him into a shop.

The second vice presidential candidate was Billy Ford, an upperclass businessman and politician who had a lot of charisma. Today he is Panamanian ambassador in Washington. When Ford saw the riot police letting the digbats through their lines, he jumped in the back seat of his car. One of his body guards, Guerra, was in the back seat with him with his back to the window. Shots rang out; glass shattered; Guerra was shot in the back; his blood covered Ford's white shirt immediately, as he died. A second Ford body guard in the front seat was also shot. Ford jumped out of the car, and a couple of digbats hit him; Ford hit back while struggling down the sidewalk. A military officer saved him by putting him in a paddy wagon, sending him to jail. He was booked for disturbing the peace. Guerra, who was killed, had been the body guard of the head of USIS until just weeks before when Ford had asked the U.S. to release him temporarily for his own small guard group. Thus his killing, almost certainly a targeted assassination, was seen as a warning to the U.S. as well as to the opposition and the oligarchy of which Ford was a member.

Noriega, a master of psychological war, had allowed the press to get pictures of the attack. The pictures of a bloodied Ford in magazines and newspapers around the world helped turn the world against Noriega. But in Panama the attack frightened the democratic opposition. It was clear to all Panamanians that the three candidates were alive only because Noriega had instructed that they just be warned that time. Noriega was back in full control. Opposition legislative candidates went into hiding. Public officials who were considering resigning decided to stay on. The digbats celebrated their great victory. The U.S. and most other countries moved to isolate Panama and Noriega even more. But the attempt at a peaceful transition through elections was over. Noriega later hand-picked a

new president without benefit of any voting; Noriega was not giving up power; it would have to be taken from him.

Q: But the problem antedated that. Noriega had once been a close ally of the United States. The Carter Administration worked closely with the Panamanian government and turned a blind eye to all the problems to get the canal treaties through Congress. The Reagan Administration, especially Oliver North, wanted Panama to support the Sandinistas. So for years Noriega had been a staunch US ally.

BUSHNELL: I don't think Noriega himself was ever considered a staunch ally. He was an intelligence asset. When it was convenient, he would cooperate with the United States. I don't think anybody, even Ollie North, would ever dare turn his back to him. We need to distinguish between Noriega and his long-time boss, Omar Torrijos. Torrijos, also an Army officer who took political power, was not just a populist general; he organized a new civilian political party; he reached out to workers and small farmers. He built a base of support by building schools, roads, and health centers. He lived well, but his primary ambition did not seem to be to enrich himself or even to stay in power. He was the Peron of Panama; he gave education and medical care to poor rural people, gave jobs to the lower class, provided access to the system to people who were poor, and began taxing the rich — a real revolutionary change in Panama which had been run for all its short history by a few rich families. Torrijos employed many of the brightest Panamanians to make his government function well and advance Panama in almost every area. Elections under Torrijos may not have been completely honest, but Torrijos would have gotten more votes in a completely honest election than anyone else during virtually the entire period he was in charge. Torrijos employed Noriega where Noriega performed best, as organizer of the intelligence service.

Q: When Torrijos' plane crashed, everything changed in Panama. Do you think it was an accident?

BUSHNELL: I'm sure it was. I talked to many people about the incident. It was a case of challenging the gods. Torrijos was at a country retreat and wanted to come back to the city. His regular pilot had gone home because his wife was giving birth. There were strong thunderstorms as there often are in late afternoon. They come across the isthmus suddenly with tremendous force. I recall swimming in the Canal Club pool after a board meeting; the sun would be out bright and not a sign of wind when I would start a lap, and a minute or less later, when I reached the other end, it would be dark, blowing, and pouring rain. Often, if I dared swim a couple more laps, the storm was over. On that day at the end of July 1981 the substitute pilot reportedly said, “It's too dangerous.” Torrijos, never one to be inconvenienced by such a minor thing as the weather, said, “I don't care about the danger. Let's go.” They went, and the De Havilland Twin Otter flew into a storm and then into a mountain. I think it's just that simple, but a majority of Panamanians prefer to believe Torrijos was killed by Castro, the Sandinistas, the CIA, or Noriega. Eden Pastora, at that point a dissident Sandinista, was with Torrijos in the country and apparently was expected to fly back with Torrijos, but didn't. The death of Torrijos was a big setback for the U.S. because our working relationship with him was good and he was dedicated to advancing Panamanian interests, especially the welfare of the poor, and not his or his generals personal wealth.

Q: So then Noriega took over.

BUSHNELL: He didn't immediately take over. Then Lt. Colonel Noriega was head of intelligence in the last years of Torrijomost of his career he was as an intelligence officer. There were several officers that were more senior and held command positions in the Panamanian Guard as contrasted with Noriega's staff role. But Noriega had been increasing his power at the expense of Torrijos for some time, and after the death of Torrijos Noriega took advantage of every opportunity to increase his power as the more senior officers struggled with each other and in various ways self-destructed, sometimes helped by the invisible hand of Noriega. Noriega finally took over as commander of the

Guard in August 1983. In late 1981 and early 1982 after the death of Torrijos, although I was no longer a DAS in ARA, some of my Central American and Panamanian friends urged me to get the U.S. to work actively in favor of alternative Guard officers because of Noriega's close ties to the Cubans. I raised the issue a couple of times with Assistant Secretary Enders and DAS Bosworth. They authorized me to arrange a few small things, but Noriega effectively disabled any opposition to himself in the US government at that time by providing support with the Israelis for the Nicaraguan contras.

Noriega inherited the effective control of the country by the Guard which Torrijos had developed over many years with considerable help from Noriega and his dirty tricks. Noriega was a fundamentally corrupt person, while Torrijos was a populist actually interested in social change. Torrijos had great popularity because he had reached out to the poor and the dark-skinned, although the country had almost always been run by whites. One should not forget that 80 percent or more of the people in Panama are dark. Torrijos had used foreign policy and a certain amount of international intrigue to advance his objective of pressing the U.S. to give up the Canal. Noriega pursued an even more active international role, but to increase his personal power and to make money. In effect he sold Panama to the Medellin cartel, allowing the use of Panama for narcotics smuggling and, even more important, money laundering.

Q: You said that he was a drug trafficker. Just what did that mean?

BUSHNELL: I never learned the details of Noriega's arrangements with the Colombian drug lords. He was convicted in US courts of cocaine smuggling to the U.S. with several witnesses indicating that Pablo Escobar, head of the Medellin cartel, paid Noriega so much per kilo of cocaine shipped through Panama ($400 was a common figure). He made long-lasting deals with the drug lords allowing them to use Panama to move drugs and money; the Guard he commanded provided protection, as did his thugs. The drug lords with whom he cooperated paid him well. Others who tried to use Panama in the drug business were prosecuted or turned over to our DEA.

Q: Money laundering mainly or moving drugs.?

BUSHNELL: Moving drugs northward to the U.S. and laundering plane loads of drug cash through the banks in Panama back to the Federal Reserve in Florida. Noriega's relations with the drug lords were not always harmonious. At times he was afraid they would have him killed. At some times he tried to reduce the scale of drug operations to reduce US pressures.

Q: And was there conclusive evidence of that?

BUSHNELL: Yes, everything he had done could not be laid out in the Florida court, but there was enough evidence of his role in the drug trade that an American jury convicted him; he was sentenced to 40 years, and his appeals have failed, although the sentence was later reduced to 30 years.

Probably the big change in the Panama internal situation came not with Noriega taking over the Guard in 1983 but with the killing of Hugo Spadafora and then the firing of President Barletta in September 1985. Spadafora was a physician-revolutionary from a leading and well-known Panama family. After getting a medical degree from the University of Bologna, he joined the guerrillas in Guinea-Bissau in the late 1950's; he returned to Panama to write a book about his adventures while taking up leftish causes. He was an outspoken critic of Noriega for many years both in public and in private. He was probably the first publicly to accuse Noriega of drug smuggling. Torrijos supported and protected Spadafora, but when Torrijos died, Noriega had Spadafora detained so he could not attend the funeral. Spadafora left Panama in 1982 to fight with the guerrillas in Nicaragua. But soon he was attacking Noriega in statements to the press from Costa Rica. In September 1985 he announced he was returning to Panama with lots of evidence on Noriega's corruption, much of it supposedly from American government sources. Noriega's people picked him up soon after he crossed the border and soon beheaded him, delivering the body but not the head to his family. There was a great outcry from right, left, and center

because everyone assumed Noriega had had this Panamanian hero killed. Noriega was in Europe at the time, but of course in touch with his people by phone.

Elections for the presidency and other offices were scheduled the year after Noriega assumed command of the Guard. Noriega offered Nicky Barletta the opportunity to run as the Torrijos party and National Guard candidate. Nicky was a US educated economist who had made his reputation as Planning Minister in Torrijos governments. His success is this role had been such that he was invited to be vice-president of the World Bank for Latin America. In that role I worked with him closely for a couple of years when I was in ARA; he was a member of the no-name group. Nicky was a good economist, but he was not a great politician. He thinks he got the most votes in the election, and maybe he did. But the Guard was afraid his populist opponent who had previously tried to reduce the Guard's power and budget might win. Measures were taken to insure Nicky got the most votes in what was a close election battle.

To counter the uproar over the murder of Spadafora Barletta decided to set up an investigation committee. Normally he would have consulted with Noriega, but he was in Europe and hard to reach. Some Guard leaders were already plotting with Vice President Devalle, also hand-picked by Noriega, to replace Nicky. Barletta finally arranged to meet with Noriega in New York where Barletta was going to make a speech and Noriega was stopping on his way back from Europe. However, Barletta announced the investigation committee as he was leaving the country. Noriega then returned without seeing Nicky. The senior Guard officers saw this commission as a direct attack on the military institution. Noriega asked Nicky to return from the U.S. immediately. Several advisors were against a quick return, but Nicky went back to Panama. Noriega immediately invited him to his office and gave him a resignation ready to sign. Nicky stalled for 14 hours, even getting in a phone call to the new ARA assistant secretary, Elliott Abrams, who did not understand how difficult Nicky's situation was. At one point he tried to leave and a couple of big, burly sergeants at the door just physically pushed him back. All the senior guard officers made it clear he had no choice; they could arrange for the National Assembly to vote him out of

office, or even take more extreme measures. Finally he resigned. It was now clear to all that Noriega was running the country as a dictator and the Guard would resort to whatever force was needed to preserve its power.

Q: Certainly by the summer of 1989, about the time your assignment came through, the Bush Administration was thoroughly disillusioned with Noriega?

BUSHNELL: Yes, absolutely. The Bush Administration wanted Noriega out; it wanted to stop the narcotics business using Panama as a base; it wanted a return to democracy. During 1988 and 1989 the Administration had tried everything anyone could think of to change the situation in Panama. There was a long secret negotiation trying to strike a deal with Noriega under which he could go to a European country and live comfortably and undisturbed. Arrangements were even made with a country, and plans were made to avoid the pending court cases in the U.S. making a problem. Finally, he refused, claiming the drug lords would kill him if he stopped protecting their operations and the “golden bridge” would not protect him in Europe. There was then hope that uniting the opposition for the regularly scheduled 1989 election would install an independent civilian government. After the election failed, we intensified efforts in the OAS to bring pressure. There was a lot of cooperation; almost all the Latin countries recalled their ambassadors at least temporarily, and several resolutions were passed. But Noriega controlled the guns in Panama except those on our bases, and he paid little attention to the international opposition. Within Panama the three brave men who had won the election continued opposition as best they could. Endara staged a long hunger strike in the display window of a store on the main street. As he was a large man many kilos overweight, his public extreme diet was somewhat of a joke at first; but he persevered long enough to keep Panamanians reminded that, but for Noriega, they could have a prosperous and democratic future. The U.S. blocked Panama government funds in the United States. The Panama Embassy in Washington was opposed to the Noriega government and was financed from the blocked funds. The Panamanian economy was declining fast as the political situation discouraged investment except by the drug lords, and even they stopped buying apartment buildings

and other assets in such an uncertain country. Unemployment was growing fast, and the Torrijos safety nets for the poor were breaking down. However, Noriega was distributing ever larger monthly loyalty payments to the senior Guard officers, at least $20,000 a month for majors and above, usually delivered in cash US dollars. Of course he thus needed more drug money to finance his corrupt enterprise while still building his own fortune abroad with the help of the corrupt middle-eastern bank, BCCI.

Q: Your assignment was affected in the summer of 1989. So what kind of briefings did you get then?

BUSHNELL: I spent most of my time in ARA during August and September attending all the meetings on Panama, reading all the cables and intelligence reports (many), and working on the many policy and options papers prepared for the NSC Deputies Committee. I had formal briefings at other agencies such as Defense, CIA, the NSC, and Treasury. I also had lunch or informal meetings with people I knew in these agencies to try to understand better what was driving their positions. At the same time the military was making an off-schedule change in the CINC.

Q: General Thurman came in. He replaced General Woerner.

BUSHNELL: Right. The NSC Deputies had decided that the disagreements and contradictory signals from the military, the embassy, DEA, and the CIA station had to end. The Deputies wanted a team in Panama that was working together to accomplish the objectives set by the NSC. The members of the Deputies Group made clear to me that they hoped there would be more leadership, innovation, and fresh ideas from the field, not from one agency but from all agencies working together. All the NSC deputies agreed to get the right people in Panama. I was one of the last to be chosen. As soon as I learned who was to be the CINC, I had the Panama State desk call and make an appointment for me to go to the Pentagon for a private get-acquainted meeting with General Maxwell Thurman. This was early August.

Q: So what did you think of Thurman?

BUSHNELL: Thurman was one our great generals. His military skills were formidable, but more important he was extremely bright and innovative. A bachelor, he worked 16 hours a day, seven days a week for most of his career, a little more in Panama. Behind his back some of his men called him 'Mad Max.' He was 58; his retirement papers had been approved when Secretary Cheney asked him to take the Panama job although it was formally a step down from his recent highly successful assignments. After the Vietnam War when the Army had zero career appeal, Max had headed the Recruitment Command. He had developed many of the programs that changed the Army to make it an appealing career, including the slogan, 'Be all that you can be.' He had been Army Vice-Chief of Staff. Recently he had headed the Army Training and Doctrine Command [TRADOC] where he had been the leader in developing a new approach to modern warfare calling for a highly concentrated attack without providing the materiel backup to sustain a high level of fighting for long. The concept was to win quickly by attacking everywhere at once, not to engage in prolonged fixed-front fighting. Throughout his career he had fought to adopt the most advanced technology. He had lobbied Congress more than any other general to get what he thought the Army needed. Moreover, I found him to be a nice individual and a good friend as we worked together virtually every day and night in Panama.

At our first meeting in the Pentagon he took me to a large secure conference room and sent his staff away. After a little idle chatter I said, “You're new to the Noriega problem, and I'm new to it. In looking at the situation, I think one of the problems has been that there have been two people competing, my predecessor and your predecessor, and I think we need to decide right now that the U.S. will have one team in Panama.” He said, “Precisely my sentiments. If you hadn't made that speech, I would have.”

Q: And he outranked you?

BUSHNELL: He was a senior four star general. But I was to be the charg#, the President's personal representative. Several of the NSC deputies had told me that I should consider myself the ambassador in Panama because our ambassador had been withdrawn to put pressure on Noriega but the President wanted the senior person at the embassy to be his representative. Thurman always treated me as the President's representative, to his great credit. Thurman impressed on his staff and unit commanders that they, the military, are only a tool to accomplish US political objectives. Many times in Panama I would attend planning meetings of the senior military. Max would ask me to review the political objectives. Then he would turn to his commanders for discussion of how they could help accomplish them. Throughout we would discuss what might go wrong that would create political problems and what boundaries would be placed on various operations to avoid sending misleading signals to Noriega and company. For example, an objective was to arrest Noriega, not to kill him. Thurman and I reworked many operation plans to enhance the capture possibilities. Max was most innovative in pointing his officers to technologies and weapons I had no idea even existed.

After we agreed on the team approach, Max asked me if I had read the contingency operation plans, i.e. the plans for what the military would do if we had to fight Noriega's forces. I had recently spent a half day in a highly secure windowless Pentagon room looking at the plans because I had insisted on seeing them when I found no one in State aside from some military officers in PM had actually seen them. Max asked what I thought of the plans. I said they were a disaster waiting to happen. He immediately said he completely agreed. “What's wrong?” he asked. I said, “Under these plans it takes about four days before we have most of our troops in action engaging Noriega forces. During that four days the Panamanian troops and even the digbats can tear the country apart, kill or capture a lot of Americans, and possibly destroy key Canal installations. It seems to me a lousy plan.”

Q: And this was the plan for what became Operation Just Cause?

BUSHNELL: No, this was General Woerner's plan as it stood in July 1989. It was an indication of Woerner's approach that we would not and should not come to fighting.

Q: So the planning had been going on for some time?

BUSHNELL: Oh, for years. The military continually develops operations plans for contingencies worldwide. Thurman said, “That's precisely my sentiment. It doesn't even embrace the most up-to-date Army strategies which would overcome the problems you raise.” Since he had been commander of Tactical Command for a long time, he was the main force and intellectual drive developing new Army strategies. Of course they had not yet been used anywhere. He asked how long I thought it should take for us to engage all Noriega's main fighting units. I said the shorter time the better. He raised one finger. I said, “One day,” a bit disappointed. He said, “Way too long. One hour.” I was amazed and asked if that could be possible. He said he didn't know but he had the best brains in the Pentagon working on it. We discussed the problem. Although there were some 12,000 US military in Panama, most of them were support troops; they ran the airfields and bases, gathered and analyzed intelligence for all Latin America, provided medical services, and all the supply, training and other functions of a peacetime army. There were only about 1000 shooters, as Max called troops who kept their fighting skills and equipment in top shape to engage in combat on short notice. Shooters could run 200 yards with full pack, could use the full range of individual combat equipment, and were trained to operate in small groups on a battlefield. There were also a few combat troops in the armored units. I asked how many shooters would be needed. He said probably a little over 10,000; his people were perfecting the estimate as we talked.

We discussed whether or not it was necessary to attack all the Guard units simultaneously or only those in the Panama City and Canal area. The key problem was not identifying sufficient shooters. The problem was finding sufficient airlift to bring them all to Panama at the same time. Moreover, secrecy was important to preserve the advantage of surprise, which greatly reduced the number of men needed. Thus we could hardly mobilize civilian

airlift. The plan eventually developed utilized virtually all US military transport planes. This plan thus required that planes be brought back to the U.S. from Europe and Asia as well as freed from other missions. Then crews had to be rested. Thus at least 48 hours were necessary between a decision to fight and the actual attack. The old Woerner plan called for capturing Noriega early on and seemed to assume we would know where he would be. The much improved Thurman plan had the complication that we would not know several days in advance where Noriega would be at the launch hour. We shall come back to this key point later.

Q: And he wanted to bring in over 10,000 additional troops all at once?

BUSHNELL: One hour. He said, “I think we can do it. I'm going to have to kick a lot of butt around here. I'm a minority of one in the senior staff now, but I've been in that minority before. Let's work together getting this done.” I asked what I could do, and we decided State and the NSC deputies should give as much attention as possible to the potential problems of Noriega damaging the Canal and taking Americans prisoner during the first hours of any military operation. You would be surprised how many times I was able to get these points into papers ARA was preparing for the NSC deputies.

Q: Colin Powell was then in what position?

BUSHNELL: Colin Powell was selected to become Chairman of the Joint Staff, the most senior military position. He took over October second, just before I went to Panama. Thurman went to work, kicking butt. By the time I arrived in Panama a couple of months later and sat with him to review the newest ops plan, almost all the main force Panamanian units anywhere near the center of the country were to be engaged within the first hour. He was working on engaging all Guard units that were a potential threat.

Q: And what kind of instructions did you have when you went?

BUSHNELL: Not much. I was well aware of what the NSC deputies and even the principals were thinking. But there was no diplomatic plan similar to the military plans. The objectives were to stop the drug trade and help reestablish a functioning democracy in Panama. It was clear Noriega would have to go to accomplish these major objectives, and bringing him to trial in the U.S. was an additional objective. If Noriega were to venture on to a US base or go to a country where we could extradite him, there were contingency plans to grab him, but even these plans were pretty general. There was more policy on what not to do than what to do.

Q: Such as the instructions were, who gave them to you? Bernie Aaronson?

BUSHNELL: I talked a lot with Bernie and his principal deputy, Mike Kozak, who was working almost full-time on Panama. I met several times with Political Under Secretary Bob Kimmitt and a couple of times with Deputy Secretary Eagleburger. They encouraged me to work closely with General Thurman to help the NSC deputies develop better options. There was little specific guidance. I also met with Economic Under Secretary McCormack and Management Under Secretary Ivan Selin. They provided little guidance. I persuaded Selin to visit Panama because the administrative problems were becoming so difficult and expensive as we refused any dealings with the Noriega government. Then there was a major crisis in Panama, and I went through it in the State Operations Center and attended the few high level meetings that were held and even drafted parts of the briefs to the Secretary and President. Perhaps what I learned from the crisis was the most useful guidance.

Q: What was the crisis?

BUSHNELL: On October third there was a coup against Noriega led by Major Giroldi.

Q: What do you know about that coup attempt beforehand?

BUSHNELL: We knew much about it, but we had not directly promoted or planned it. In fact we knew rather little about Giroldi. The week before the coup I had even contacted a personal friend who had lots of contacts in the Panamanian military to see what I could learn about Giroldi since neither the CIA nor the military were coming up with much. I asked about three majors because I did not want to risk calling attention to any one. I learned more about the other two than about Giroldi.

Q: Who was Giroldi?

BUSHNELL: Major Moises Giroldi was the head of security for Noriega's headquarters. He seemed to be exceptionally loyal to Noriega. He had played a major role in blocking a coup attempt in March 1988. He was reported to be a quiet officer. He had had a dispute with Major Sieiro, Noriega's brother-in-law, about which of them should run a Guard training academy. Normally Noriega would have fired him, but instead he promoted him. He was one of the few Guard members allowed to carry a submachine gun when with Noriega.

Giroldi's wife had made contact in early September with the U.S. through a friend who was an American secretary working in the CINC's intelligence unit. Arrangements had been set for mid-September for two or three Guard officers to meet secretly with a couple of CIA officers; Mrs. Giroldi had asked for a meeting with Southern Command decision-makers. However, General Woerner's staff was leery of Giroldi as it knew little about him. In Washington we paid little attention, particularly when no one showed for the meeting. This was not the first approach about a possible coup, and Noriega, the master of dirty intelligence operations, was prone to bait the Southern Command even while trying to befriend some of its officers. Moreover, since every senior Guard officer was benefiting from large amounts of drug money and most did their share of dirty tricks for Noriega, in Washington there was concern that a coup against Noriega might not accomplish our objectivejust substituting one Guard dictator/drug-runner for another.

When I got to the office on Monday, October second, I learned that Giroldi had established contact and had requested specific help from us. He had asked that US planes fly over the three airstrips used by the Guard and that US troops block some access roads to Noriega's headquarters once the coup had begun. By exercising our Treaty rights we could stage a defense exercise and put troop and vehicles on any road, which would effectively block it. However, Giroldi had said nothing about what was to happen once the coup was successful. He had not promised to deliver Noriega. Reportedly the CIA agents had urged Noriega not be killed. Giroldi had not said what kind of government would be established. General Thurman had initiated maneuvers to place troops in position to block two or three major roads. But nothing was happening. Thurman continued the maneuvers most of the day, but nothing happened. In mid-morning I called CIA to ask the exact wording in Spanish on the timing Giroldi had used. I never got a clear answer, but I got enough to suspect he had given a period of days with October two the first.

What was clear to me from that Monday's non-incident was the posture of the key US players in Washington, although I was not at the White House. There was agreement that President Bush was leaning forward. He had said, “We should do the things they asked for.” The President and Secretary Baker had practically been inviting a coup in their public statements. Anyway, all of the things requested we did from time to time as exercises under the Treaty, although there was no answer as to what our over-flying A-37s should do if they saw pro-Noriega activity on an airstrip.. In contrast Chairman Powell and his military advisors were leaning back, raising a million questions and contingencies that needed to be covered before action. Secretary Cheney seemed less concerned than the military but focused on the fact that nothing had happened so this might be a trap. Secretary Baker was concerned with the legal aspects of Noriega being killed in a coup in which we were involved. This was 1989, and the struggles between the Administration and Congress over the Nicaraguan contras were still fresh in everyone's mind. The Reagan Administration had accepted Senate Intelligence Committee restrictions on our involvement in any operation that might result in Noriega's death that were, in my view,

extreme. We virtually had to protect him from being killed in any covert operation in which we were involved even marginally.

Given the situation it is amazing how much time I and others spent in Panama trying to avoid Noriega being killed. Until that Monday none of us had focused on the point that having CIA leading on any dialogue with coup plotters made our Senate restrictions especially difficult. Ironically I had favored CIA over the military leading any coup discussions because I thought CIA language and reporting skills were superior, but there is a good case that the CIA officers did not understand Mrs. Giroldi's Spanish correctly. She claims to have asked to have all, stressing all, access roads to Noriega's headquarters blocked. The CIA report listed two roads to block. Blocking all would certainly make more sense.

On Tuesday morning I stuck my head in Kozak's office in ARA, previously my office for some years, just as he was taking a phone call from Panama reporting that the coup was underway. Immediately we set up a working group in the operations center where we could maintain secure open lines to the Embassy and to the military command center which had open lines to General Thurman and his people. It was a frustrating morning. Hard facts were almost impossible to obtain. From their headquarters SouthCom officers could see Noriega's headquarters which was only a few blocks down the hill. They had seen activity that looked like a coup, and they had seen the cars that usually carry Noriega enter, followed by gun fire. But neither SouthCom nor CIA was able to get in touch with Giroldi for some hours. At about 11 AM Giroldi made a brief announcement of the coup on a radio station, but he did not give the status of Noriega, indicate who would be in charge, nor what government policies would be. Finally his representatives came to SouthCom headquarters, but they did not seem to be clear whether they wanted our military to go and get Noriega or they would delivery him and under what conditions. They seemed to want us to take him but not send him to the U.S. for trial; this condition seemed to us in the

ops center crazy and impossible for us. What they were clear about was that a coup had occurred and Noriega was a prisoner and not dead.

We learned later that Giroldi and his fellow plotters had taken over the command center and held Noriega prisoner, trying to convince him to resign and leave the country. They did not have a plan for what to do if he refused or, as was the case, stalled. They even let Noriega make a phone call which he used to summon his crack, Cuban-trained (and perhaps led) Machos del Monte (Manly Mountain troops) based up the coast a short flight away. SouthCom watched the 727 take off from the Rio Hato airstrip and fly to Panama City. Then SouthCom saw tens of heavily armed shooters get off and into vehicles. Before long John Maisto was reporting to me from the Embassy that the Machos del Monte and Battalion 2000 with their armored cars and personnel carriers were passing his window heading for the headquarters on a road which General Thurman was not blocking.

Q: The story was that Noriega dared Giroldi to machine-gun him. Is that true?

BUSHNELL: I heard that story. When the Machos del Monte were moving into the headquarters against little opposition from Giroldi's forces, Giroldi was still holding his submachine gun on Noriega. Giroldi's people were trying to stop the attack by arguing that it would result in Noriega being killed. Apparently the Machos del Monte were less concerned that Noriega might be killed than the Senate Intelligence Committee, since they pressed ahead.. Noriega then dared Giroldi to shoot him and faced him down. Finally, Giroldi put his machine gun on the table. Noriega took his pistol and killed one of Giroldi's fellow officers with a shot in the temple. Noriega accepted the surrender of Giroldi and his forces. Giroldi and several of the other coup leaders were taken to Battalion 2000 headquarters where they were tortured so Noriega could learn just which officers were aware of the coup and just what the US role was. Giroldi and several others were then shot.

The U.S. had not blocked the headquarters as requested. Moreover, by the time it was clear that Giroldi was prepared to give Noriega to us without unreasonable conditions, the Machos del Monte were already fighting and entering the headquarters. A US attempt to go and get Noriega then would have put our forces in the middle of the fight without it being clear if Giroldi's troops would even support them. At any rate we did not at that point have the sort of Delta forces on the ready that might have executed such an challenging operation.

Not only was the situation in Panama unclear all morning, but we in the task force had little access to our policy-makers. President Bush was meeting with Mexican President Salinas, greeting him at about 9:30. Secretary Baker and Assistant Secretary Aronson were with him. They met briefly on Panama about 11:30, but really only addressed the issue about 1:30, just as the coup attempt was over. Secretary Cheney was touring Gettysburg with Soviet Defense Minister Yazov. Chairman Powell, brand new to the job, was in the Pentagon operations center most of the morning, but he was not inclined to make any decisions without guidance from the principals. By about 10:30 AM Kozak and I in the State ops center concluded that Thurman should follow the thrust of President Bush's guidance of the day before and put US forces on maneuver to block all roads to Noriega's headquarters. It made no sense to me that we block only a couple of roads. Our forces did keep Noriega's nearby Israeli-trained special forces bottled up, but other Noriega forces had a couple of open access routes. I thought expanding our maneuvers had little downside while we clarified the situation. It was clear enough that the coup was not running without problems and was poorly planned. Some in the Pentagon and SouthCom argued that our troops had just the day before spent virtually an entire day on maneuvers in the sun and anyway we were short of shooters to block additional routes. I later learned that General Thurman had not been clearly informed of the President's guidance of the day before. By 11:00AM we made our recommendation to Secretary Baker at the White House, but we were not able to give him a clear picture of the situation. No one had even been able to plot just where our troops were on a map.

Q: I gather there was public criticism of the Bush Administration for not having done something.

BUSHNELL: That's right. It was clear that getting rid of Noriega was a high priority objective of the Bush Administration, yet we had largely just watched as a coup that would have ousted Noriega initially succeeded but then failed because the U.S. did not act or even show much support. Moreover, we had made no attempt to get custody of Noriega. The true story that Giroldi was not quickly prepared to give Noriega to the U.S. did not ring true to many, especially given the terrible fate Giroldi met on orders of Noriega. Many Americans asked why our forces did not just go a half dozen short blocks down the hill from SouthCom to the Noriega headquarters and collect Noriega regardless of whether Giroldi was eager to turn him over. Most Panamanians thought Giroldi was a fool for not sending Noriega up the hill to the U.S. at 9:00 AM, or that Noriega's friends in the US military had not wanted him. Of course, if we had collected Noriega that day, I probably would not have gone to Panama and would have missed the most exciting moments of my career.

A week or so later I went to Panama, and Thurman and I worked together to assure that the U.S. did not miss the next opportunity to improve the situation in Panama. Both General Thurman and I learned from this Giroldi experience that we needed to have much better contingency plans in place; we needed to have authority from Washington to act; we needed to have the flexibility to communicate and adjust in a coordinated way to the situation immediately. Moreover, as we discussed possibilities between the two of us, we concluded that we needed to try to gain control of timing and actions in any scenario and not be dependent, at least for long, on Panamanians who might prove less than wise. A number of changes were also made in Washington to activate the NSC deputies committee during crises and enable it to make decisions or to present operational alternatives to the principals immediately.

Q: How about Aronson? What role did he play?

BUSHNELL: He was at the White House for the Mexican visit. He telephoned Kozak for updates, but I do not recall his passing us any guidance. Under Secretary Kimmit was monitoring the Task Force for the 7th floor and talking with Secretary Baker at the White House.

Q: So you went to Panama. And what did you find when you got there?

BUSHNELL: I found a mess.

Q: And you went alone; your family could not go.

BUSHNELL: That's right. All Embassy dependents and even many of the officers had been evacuated either for security reasons or to show our displeasure with Noriega stopping the election process. We acted as if we had broken diplomatic relations except that the embassy continued to operate in Panama. We continued to deal with the Panamanian embassy in Washington because it had broken with Noriega, but not with any official or office of the Noriega government. Ambassador Davis was in Washington, not in Panama. The size of the embassy was cut down. There was a Presidential decision that there should not be more than 60 Americans stationed in the embassy, including the Marines. Some agencies closed their offices such as DEA and the Foreign Commercial Service. AID reduced to only Panamanian employees. However, TDY personnel were not included under the ceiling; thus many agencies maintained a more normal staffing by sending people TDY. For example, I had two American diplomatic security officers assigned to guard me; they were assigned TDY because we did not have room within the Presidential ceiling; they might have been rotated but were not once the big crisis started. They worked unbelievable hours as both would be on duty whenever I was outside the embassy or my residence and coverage was seven days a week. I guess they could retire on their

overtime plus per diem. This is just one example of how expensive our Noriega policy was becoming, at least for the relatively small State budget.

Having no dealings with the government presented a mountain of administrative problems and related difficult political decisions. We didn't clear anything through customs; we didn't get license plates for either official or personal cars; we didn't even pay our electric or telephone bills because the suppliers were public corporations; we didn't make the required contribution to social security and health insurance for our many Panamanian employees. In most countries one simply couldn't operate this way for more than a few weeks. By the time I got there we had been some months operating this way, and it was becoming very difficult. We used rental cars to get around the license plate problem; we stopped using many official vehicles; in other cases, including my car, we simply used expired plates. Supplies and even household goods were sent through military channels. Electric power and telephone lines had been cut off to some homes, but not yet to the embassy. I authorized some personal payments of utilities using landlords to overcome these problems. We paid all medical expenses for all Panamanian employees and their families because they had lost access to the social security medical facilities. Many employees were concerned that they were not accumulating any retirement credit during these many months. We assured them we would eventually buy this time from the government system, but we had no idea how we would do this. A couple of Panamanian employees wanted to retire, but we could not process their papers.

Q: Who did you replace.?

BUSHNELL: John Maisto had been the charg# since Ambassador Davis left.

Q: And he had already gone?

BUSHNELL: No, we had a few days overlap. John was extremely helpful, introducing me to the three men “elected” in May but not allowed to take power and to just about everyone in the country except those associated with the government. I already knew

many Panamanians from my Canal duties, and I quickly reestablished many old contacts. The Papal Nuncio, Monsignor Laboa, gave a small going-away lunch for John. It was the first time I met him. John took pleasure in pointing out to me that several of the Nuncio's Spanish servants, including the cook, were ETA terrorists from Spain who were in effect hiding out in Panama protected by the Nuncio, who was from the Basque region of Spain and apparently sympathized with ETA independence desireif not the violent ETA means. The luncheon food was good, but somehow I didn't really enjoy it.

The morale of most of our some 200 Panamanian employees was pretty good despite the difficult administrative problems and their concerns that Noriega would direct his violent rage against the US government at them. I began meeting every couple of weeks with a group of the senior local employees from all agencies to keep up their morale, to encourage them to counsel less senior Panamanian employees, to help deal with the administrative problems, and to take the pulse of opinion among a group of knowledgeable Panamanian citizens. These Panamanian embassy employees thought Noriega was destroying their country, and, like most Panamanians, they thought the U.S. was the only likely savior. I offered to help get any employee or their dependents out of Panama if they or we had good indications that Noriega would move against them. There were quite a few threats, and we did send some people out for what proved to be a fairly short time.

Morale among American employees, especially those in State, was poor. People did not welcome being separated from their families for many months. Many had wanted a Panama assignment two or three years before because of the comfortable family living conditions with the military facilities and schools. Now their families were suffering in temporary accommodations in the States, and they were stuck in Panama with the administrative nightmares, the security concerns, and more work than they could do in 50 or 60 hours a week. The heads of the political, economic, and counselor sections had done a joint dissent message a few weeks before my arrival, arguing that our policy of not dealing with the Noriega government was not going to accomplish its objective of getting rid of Noriega. All three also asked for transfers and wanted to leave immediately even

before there was any replacement. All wanted to be back with their families, and there were family problems in some cases. My wife eventually took the initiative to meet with many of the wives in the Washington area; some seemed to feel that the whole weight of an unsatisfactory US policy was on their families. I immediately discussed the situation with each officer, agreeing that I would expedite a search for early replacements and let them leave as soon as possible. I did not want to be leading a staff of malcontents. I also promised that everyone in the embassy, except me, could go home at Christmas time provided they staggered trips so one was back before another departed from each section. With these promises and more explanation of policy the morale situation seemed to improve, and all officers were working effectively seven days most weeks because of our education program which I shall mention in a minute.

It was certainly not easy to attract FSOs to a Panama assignment in the fall of 1989. By the time I became involved about July, the 1989 assignment cycle was over without filling all the vacancies. The Director General agreed to break assignments as necessary to fill the high priority Panama positions, but neither he nor I wanted to order officers to Panama who didn't want to go. No one wanted to leave his or her family for the danger and hard, tense work of Panama. I raided where I could. For example, there was a junior political officer, Alex Margolis, working as the second officer on the Argentine desk. His first tour had been in Buenos Aires while I was there, and I knew he was capable and a good drafter. I asked him if he would be interested in Panama. He was, and Kozak asked Personnel to break his Argentine-desk assignment immediately. In a couple of cases I got officers to agree to a couple of fairly long TDY assignments to fill gaps. I finally concentrated on trying to find tandemcouples where both had foreign service careerwithout children at home as the best possible staffing solution. However, seeking senior replacements occupied a lot of my time and a lot of phone calls during my first three months in Panama.

We had an immense workload. For example, the economic section headed by Ed O'Donnell had been reduced to just two officers, but it was responsible for this large

blacklist of people and firms who were thought to be associates of Noriega. No US government agency was permitted to deal with those on the list, and they were not allowed to travel to the United States. This embargo was part of out economic sanctions, which also included trying to find and block assets of Noriega, the National Guard, and the Panamanian government in the United States. There were many questions about the blacklists daily as SouthCom and the Canal Commission purchased and contracted many millions of dollars of business in Panama. Detailed economic reporting was also in high demand in Washington because the NSC Under Secretary's committee was monitoring the results of our economic sanctions closely. The Panamanian economy was weakening fairly fast, although Noriega appeared to be bringing back his own money as well as raiding the banks to generate economic activity and slow the economic decline and the rise of unemployment.

Also many front firms used the Panama Free Trade Area to send goods to Cuba. Such firms were blacklisted on a separate Cuba-dealing list as soon as they could be identified so that they could not buy from any US firms. Needless to say, Noriega's government gave us no help on any of our economic work. In fact the Government of Panama had virtually stopped publishing statistics of any kind, making our work harder until I happened upon a friend in the private sector who had access to the unpublished Panama datweak and incomplete, but better than nothing. I arranged for officers of SouthCom to assist the economic section as well as for TDY missions and special analytical backup in Washington. Keeping in mind my guidance to look for ways to tighten the economic sanctions, I proposed efforts to encourage ship owners to switch registry to other countries. More ships were registered in Panama than in any other country, and the fees generated by the registry were a big source of funds for the Panamanian government and for some of the officials personally.

I met with many bankers to urge them to stop laundering drug money, and I even implied that the U.S. was looking at potential sanctions against laundering banks. The banks had many problems; all were losing deposits because of the political uncertainty. To overcome

people's fears that the security situation could deteriorate any time, many banks, including branches of American banks, transferred all their sight deposits to their Cayman branches or associates each night, bringing them back the following morning. In December I did a very restricted circulation cable suggesting that we announce we would ban any bank in Panama we believed was laundering drug money from making any wire transfers through the Federal Reserve system and that we try to get cooperation from the Europeans for a similar ban on the Swift system. Almost all wire transfers worldwide use one of these two systems, so such a ban would largely put a bank out of doing international business which was the big profit center for banks in Panama. Our military action resolved the issue before my proposal was fully staffed in Washington.

The political section, headed by Michael Polt, had three of its four officer positions filled. But it also had an exceptional work load. We did a lot of hand-holding with the opposition, encouraging them to remain active in opposing the Noriega government. One officer, Pat Perrin, was assigned to human rights and labor reporting. There was great interest in human rights violations in Panama throughout the Bush government. She took the lead, for example, in organizing a large reception at the residence on UN human rights day in December, inviting the three elected leaders, the activists in the many civil action groups against Noriega, and many from friendly embassies, but no one from the government. Although labor unions had traditionally been strong supporters of the Torrijos/Noriega governments, the rising unemployment and pay cuts in both the public and private sector were turning the labor rank and file against Noriega. I was suspicious Noriega had most of the labor union leaders on his secret payroll or had information on their past or mistresses, but I could never prove that. The political section also had a lot of work to do with the diplomatic community. Most NATO and Latin American countries had also withdrawn their ambassadors in protest at Noriega's stopping the election. Since many embassies in a small country such as Panama are quite small, the charg# was often quite junior and often not accustomed to doing much political work. Thus I assured that our political officers, and myself, maintained close contact so our friends would feel in the

loop and would have some help in reporting to their capitals. Our objective was to keep the ambassadors from returning, but, as time went on, a few countries found an excuse to bring ambassadors baca victory for Noriega. It looked as if quite a few might return after New Years, as ambassadors were getting sick of sitting around in their capitals. For example, the Japanese had sent their ambassador on “vacation,” but he was due back early in 1990.

The political section also acted as the secretary of the Panama Area Coordination Committee. I chaired this committee which was essentially the CINC, the Canal Administrator, and myself. The purpose was to assure all agencies in Panama were supporting our policy and to coordinate actions in many fields. For example, a subcommittee dealt with employment conditions to make sure US agencies were not stealing employees from each other and were not bidding up wages. During late 1989 there were many issues to coordinate as we tried to make things difficult for Noriega and we tried to have a solid front in dealing with his many harassment actions. Security for our people was the biggest concern. In Washington I was told this committee had not been working very well. During my first meeting with General Thurman I had asked to have his personal participation and help in making it work. General Dennis McAuliffe, who was the head of the Canal Commission and his Panamanian deputy, Fernando Manfredo, were both old friends as they had been in these positions the five years that I was a member of the Board. Thurman changed the attitude of SouthCom, which had previously considered the so-called embassy committee an annoyance. He attended when he was in the country; otherwise his deputy attended, and the attitude of the military was much more cooperative. Of course a well-working coordination committee had more work, more reports and studies, more subgroupall of which fell to the undermanned political section.

The consular section headed by Gary Usrey was overworked too. A couple of officers had been withdrawn in the reduction of staff. But Panamanians were more eager than ever to go to the States. Many were sending their families out in case of violence. Among the middle class many were applying for visas “just in case.” The blacklists had to be

checked as well as the normal visa requirements. With the economic slowdown more applicants were looking like potential immigrants. We slowed the whole visa process down and gave many single entry visas as a way of building pressures on the Noriega government from those who were having difficulties making their annual shopping trip to the States. People closely related to members of the Guard were generally refused visas as part of our harassment. Protection of American citizens increased the workload as well. Many citizens who had lived for years in Panama without ever contacting the embassy were suddenly registering with the embassy. The number of US citizens was large; many canal and military personnel retired in Panama; many Americans working in the military or canal operations had married Panamanians; their children were usually Americans. Many Panamanians had taken advantage of earlier programs under which they could enlist in the US Army and acquire citizenship on an expedited basis. Members of their families subsequently also got citizenship. The consular officers took the lead in organizing an emergency notification system so that all American citizens could be contacted quickly.

The consular officers had to give more than the normal attention to Americans in Panama's jails. Noriega's folks liked to abuse Americans over whom they had the greatest control, and some of the prisoners had been caught helping the political opposition. The consular officers also had to process documents such as passports and records of birth for the many military and American canal employees. The military wanted a consular officer to visit their facilities regularly to do this so that American employees including soldiers would not have to travel through the city to the embassy and thus be subject to possible Noriega harassment. I agreed, and we set up such an office; I was arranging to have an additional consular officer live on a base for this purpose because that officer than would not count against our ceiling of 60. Needless to say, the substantially reduced administrative section headed by Bo Bmytrewycz was also very stressed as we tried to operate with no contact with the government in charge where we lived and worked and had to give great attention to security.

Q: After that failed coup attempt, it was clear that something was going to happen at some point.

BUSHNELL: Yes. We had minor incidents most days. It was only a matter of time before something unexpected happened to some Americans and the situation began to run out of control. The tensions were high on both sides. Moreover, I was concerned that Noriega might try to capture or even kill the three elected leaders who were his visible Panamanian opponents. I arranged for Thurman to give them keys to an unoccupied house on a nearby base so they could go there if they thought they were in danger. But Washingtothe Deputies Committeexpected me to act to protect them if necessary. Thurman and I discussed potential situations several times. The logistics were difficult. I might be on the other side of the city, and it would take too long for me to reach them. I moved with a lot of security, but certainly not enough to take on a Guard unit or even a lot of armed digbats. Thurman had plans to send troops to my rescue, but I wondered how quickly they would actually arrive. Neither Thurman nor I liked the idea that a military confrontation would arise by surprise out of harassment incidents. Such timing put us at a disadvantage. We preferred to move with our plan on our timetable.

Thurman liked the concept of an operation to grab Noriega and take him to one of our bases for extradition, as authorized by the rebel Panamanian embassy in Washington. Such operations had been considered and rejected by the Deputies Committee, but they could always reconsider. Thurman laid out several potential operations. The operations were sound; we would likely capture Noriega without much, if any, loss of life. My problem was that, once we grabbed Noriega, we had a lot of mad Guard officers and units as well as the digbats. We had many intelligence reports about specific anti-US actions the Guard and digbats were to take in case something happened to Noriega, ranging from kidnapping many Americans, including me, to a mortar attack on the canal itself. Some of these reports were probably Noriega psychological warfare, but I thought many of them rang true. I did not think a mortar attack on the canal was credible; one could hardly imagine

a less effective weapon against a canal; perhaps the control room for the locks would be destroyed, but a mortar shell would have to be very, very lucky to do any real damage to the canal facilities. I was wrong. Early in the morning after our troops landed, I found myself close to the canal and under mortar attack. The explosions were loud and close. My security, which was outside the building where I was about to brief the just-arrived US press, got dirt blown all over them, but no damage was done to the canal.

Q: Was there still a resistance within the Pentagon to armed action? Was something needed to mobilize the thinking in the Pentagon?

BUSHNELL: No, thinking in the Pentagon was advanced. General Thurman had done a great job of getting our whole military establishment behind his shock attack approach in which we engaged all Noriega's main forces simultaneously. It was a real marvel of military planning, taking full advantage of our airlift and night fighting capabilities and hopefully giving us the advantage of surprise. The problem was that we needed 48 hours to mobilize the air assets from around the world. Thus we needed to launch on our timetable, not when some recruit made a mistake and fired or Noriega decided he should eliminate Endara. Thurman and I lived in fear that a situation would escalate so fast that we would be in a big fight within minutes and it would take a long time to bring in our forces. With my agreement Thurman kept rotating special forces units through Panama for a couple weeks at a time. These forces gave us at least the theoretical capability to go get Noriega if a big fight started. The problem was to avoid any situation getting out of hand or President Bush giving us the order to fight before this marvelous operations plan could be implemented. Meanwhile, I kept trying to reduce the number of Americans who were potential hostage targets.

Q: There were suggestions we should have invaded earlier when Noriega stopped the election or at the time of the Giroldi coup. Should we have done it then?

BUSHNELL: No. We were not ready with this plan before November. Perhaps what critics mean is that General Woerner and SouthCom should have used the new TRADOC/ Thurman thinking to develop such a plan a couple of years earlier, but it is unlikely any US president would have ordered it before the detoured election made a democratic alternative government available and discredited Noriega worldwide. The ops plan was not appropriate to support Giroldi because he did not give us enough advance notice. Moreover, he had not asked for such a major action and had not promised a democratic government. Neither Thurman nor I could picture a clear entering scenario to fit this super operational plan. However, Noriega tended to be cautious, limiting any action against us to what he thought we would take without a major reaction. I told Thurman that, if Washington would be patient when there were several provocative incidents, we could stall the 48 hours while seeming to roll with the punch while the ops plan was launched. Our assessment was that Noriega saw the threat as the troops already in Panama, not a massive inflow of shooters. I urged Thurman to sharply restrict knowledge of the plan because I believed Noriega had several sources in our military.

When Thurman and I had discussed the then evolving ops plan in Washington, I had raised the problem of capturing Noriega. Certainly capturing Noriega for trial in the U.S. was one of the important US objectives. Moreover, until he was captured, the Guard and the digbats were likely to keep fighting and trying to capture Americans or destroy bases or the canal. Getting Noriega had been at the center of the earlier ops plan. These plans seemed to assume we would know where Noriega was or could find out quickly. Since the new ops plan called for many simultaneous attacks, it was important that one of these be where Noriega was and that there be a plan to capture him. Thurman agreed. But how would we know 48 hours in advance when the plan was put in motion where Noriega would be two days later? Even if we could fine-tune the operation close to the launch, how would we then know where he was? The Cubans responsible for Noriega's security were very professional; they maintained radio silence; they ran many false convoys that looked like Noriega moving. Noriega slept in many different places. Our intelligence on

Noriega was not as good as one might have thought given our large intelligence resources in Panama. Thurman said his staff would work the problem. He said, “We will go to all the places he might be.”

When I got to Panama, Thurman told me they were working on a list of the places that Noriega frequented. Each of these would be attacked at the launch hour. Troops would be trained to capture him, not kill him. I worked on this planning. A list finally totaling about 28 sites was developed. Some of these such as his command centers and base military clubs were to be attacked in the existing plan; for these a dedicated small squad was assigned to find and capture Noriega. Other places on the list, such as his homes, the homes of his favorite mistresses and mother, certain recreation and eating facilities, were not well defended, but each presented its own problems for the small attacking group assigned. As intelligence worked hard at following Noriega's movements, it was estimated that he spent over 97 percent of his time at these 28 sites or moving among them. Special forces were assigned to most sites because Noriega's Cuban-directed personal security was very good and very deadly. I asked how our shooters were going to capture Noriega, particularly if he actively shot back, without killing him. Thurman and his staff said this was a difficult problem; troops are trained to kill from a distance to minimize their own losses. Special training and equipment would be needed.

Then, to my amazement, the military proceeded to build replicas of the sites Noriega frequented on Eglin Air Base in Florida. The squads assigned to each site studied them and developed plans to go in, take out the opposition, and capture Noriega. It was a mammoth operation to figure out what each site looked like both inside and out, to build the replica, and then to practice the attack. In November there was an exercise at Eglin in which all sites were attacked at once. South Com invited me to go to Florida for that night, but I was not comfortable leaving Panama even for just 24 hours. I would have had to get special clearance from Washington and named one of my counselors charg#; my travel might have called attention to our planning. Nobody else in the embassy knew anything about the ops plan, and I later learned no one in State knew about the Noriega

part of the plan. Only a hand-full of officers in SouthCom knew about the whole ops plan, and many of them thought it was too grandiose ever to be executed.. Various units knew their assignments under the plan, but so much of the operation was to be carried out by forces from the States that few of the military in Panama needed to know the general plan. Our tight security on the planning paid off as Noriega had no advance idea of what was planned for him. When the senior staff came back from the Eglin exercise, I went to the small debriefing for Thurman. The good news was that in all 28 sites they had gotten Noriega. The bad news was that in eight or nine sites they killed him. I said something about our law against assassinating foreign leaders, and Thurman scheduled several meetings to address various aspects of this problem. The military went to work on new weapons and tacticbetter stun guns and this sort of thing.

Q: This is September 9th, 1998. John, please continue on the planning of the Panama operation. Was it called Just Cause?

BUSHNELL: Yes, that name was given after the operation began, or just shortly before, because someone in Washington thought it would present the operation in a favorable light. During the planning stage it was called Blue Spoon, which did not indicate anything about it. I was very impressed by the detailed planning the military did. Nothing was left to chance, although everyone realized that once troops hit the ground anything could and would happen. Of course, during peacetime the military has lots of time for planning and practice. There were more man-hours spent planning this operation than all the planning that is done in the State Department in a decade. Everything was planned; every operation, where paratroopers would land, where the planes would land, where and when the bombs would hit, what sort of weapons everybody haall to take down the Panamanian defense force of less than 10,000 men.

Q: This was mainly developed in October, November, December.

BUSHNELL: No, the main plan was in place by October. The smaller operations to search for and capture Noriega took longer, but all planning and training was complete by the end of November. Of course, the detailed planning was fine tuned continually.

Q: Where was the planning done, in Washington or Panama?

BUSHNELL: Most of the plan was put together in Washington before Thurman took command in Panama. I assume much information and input came from SouthCom; in Washington I talked mainly with Thurman, and I was not involved in the detailed planning. Much of the detailed planning for the capture-Noriega operations was done by the various special forces elements assigned. In some cases they took advantage of temporary deployments in Panama to survey targets. I met with General Stiner (Special Forces) several times in Panama during the October/December period.

From our first meeting in Panama I stressed the danger that the plans would be acquired by Noriega's superior intelligence penetration of SouthCom. At first Thurman did not believe his operations were infiltrated. I bet him that any paper created in his command that seemed interesting would reach Noriega. We ran some tests. In one test the document went to only five officers. Later our intelligence reports indicated Noriega got either a copy or the substance. Thurman was then convinced that his intelligence and perhaps communications and other larger organization were infiltrated, but he had confidence in his general staff. There were many American civilian employees in SouthCom; some spent an entire career there. Many were married to Panamanians, including some secretaries actually married to members of Noriega's Guard. Many US military assigned to Panama married Panamanians. Later in their careers they sought assignments in Panama to please their wives and in-laws. Many soldiers were regularly short of money, especially those living off-base. Noriega and his operatives were very good at finding the weaknesses that would yield an intelligence asset. To this day I do not think we ever found who was responsible for leaks. Thus the whole operational planning

was compartmentalized, and even the general nature of the operation was know to only a handful of SouthCom senior officers. Secrecy was clearly of greatest importance.

Q: Who besides you in the embassy knew?

BUSHNELL: No one else in the embassy had any idea of what the Thurman military plan was. Many knew about the earlier Woerner plan. On a couple of occasions they complained to me about the slowness of mobilization and potential problems for Americans in the city. I had to bite my tongue to avoid giving anything away. I did not think senior embassy officers would intentionally leak, but I did suspect some local employees passed information to Noriega operatives. There was not a real need-to-know, and I felt my security should be as good as Thurman's.

In early December embassy discussions of the Panama situation and of morale and the problem of finding FSO's willing to come to Panama caused me to suggest all employees in the embassy should get danger pay, a temporary percentage increase in pay to compensate somewhat for taking unusual risks for the country. I assigned various parts of the cable necessary to request such a danger allowance. When I got the draft, it seemed to miss the main point. It was eloquent in pointing out what a dangerous man Noriega wahaving perhaps 50 of his own officers killed in the past three months, and it reviewed the attacks on some of our local employees and even close calls for some embassy and SouthCom officers. The political counselor, Mike Polt, had drafted a paragraph stating that military plans envisioned a several day gap between the initiation of military action and the arrival of our main forces in the city of Panama. He was, of course, reflecting the old ops plan. I edited out most of that paragraph and turned the argument around somewhat to point out that there was a major risk of a war between the Panama Guard and US forces with the embassy and its personnel caught in the crossfire. We were not on a relatively safe military base. If a war broke out suddenly, we were sitting ducks, either at home or in the embassy, behind the enemy lines and at risk from both friendly and enemy fire and subject to hostage taking by the digbats. I stressed the danger in the situation where our

19-year-old soldiers on maneuver in Panama would be lined up pointing their rifles at 18-year-old Panamanian troops whose rifles were aimed at them. One finger slip, and bam, a real war might be on. I had urged Thurman to cut back on the maneuvers Woerner had run so often. But such a confrontational situation still arose every couple of weeks. Thus the greater danger was not that Noriega would target us, but that we would be caught in the middle of a war. The political counselor never asked me about my revisions.

Of course we had a security officer in the embassy. Like other offices, Diplomatic Security couldn't find a security officer to assign on a permanent basis as would be desirable. Thus the security officer post was filled with officers on TDY; a security officer came from another post for a few weeks or in one case a retired DS agent came back to work for a month or so. One security officer would just be learning the embassy situation and he would be replacenot a satisfactory situation in a high threat post. The young DS officers who guarded me had much more continuity than the rotating cast of post security officers. The TDY security officer said he thought the draft danger pay cable was wrong; we were not eligible for danger pay. He did not think the danger from friendly fire from US forces could be considered, and he added there were no plans for large scale US military action. Moreover, he thought we had a good escape from danger by moving to nearby military bases, and the military had forces designated to rescue us. I quickly saw I was not going to get far with the DS officer without showing him intelligence which his predecessors had seen over previous weeks but which was not available now in hard copy and, more important, without informing him of the current ops plan. I just asked him to write up his views, and we included them in the cable as another viewpoint, but unfortunately one from the security officer. Our request for danger pay had only been in Washington for a couple of weeks when the December operation clarified the matter. I had heard from the Panama desk, which was pushing the request for us, that the atmosphere was favorable but there was a major inter-agency debate on what level of danger pay to approve. Once the embassy was attacked and nearly burned to the ground the early morning of December

20, danger pay at the maximum level was quickly approved. Thus I was actually getting danger pay a couple of days later when my convoy was ambushed.

It was correct that the military had forces designated to protect or evacuate the embassy. John Maisto told me the military had been requesting approval from him to exercise a reinforcement/rescue operation but he had refused because he thought helicopters with heavily armed men going in and out of the embassy were politically provocative and just plain dangerous. Early in my stay I asked to review the military plans, and SouthCom send over a large team to brief me. Most options sent troops by vehicle, assuming the route to the embassy was clear. The first alternative was to bring forces by helicopter landing in a bay-side park more or less across the street from the embassy. A final option in case the embassy was under active attack was for helicopters to hover over the embassy parking lot just behind the building with troops coming down a rope and embassy people being pulled back up. There was no need to practice the vehicle options; actually I later authorized some practice vehicle responses to the residence when it was not occupied. Since there were often many Panamanians in the park, an exercise there would have been very disruptive and did not really seem necessary. The military were most interested in exercising the most difficult optiohelicopter reinforcement and evacuation of the embassy under fire. I agreed they could stage an exercise on a Saturday when fewer people would be in the embassy, provided the weather was good. I even volunteered to be evacuated as part of the test. As it happened, I was at a planning meeting at SouthCom, so I missed my chance to be pulled up into a helicopter.

Quite a few people were working that Saturday, and they and our neighbors were scared by the noisy and windy operation. Apparently there was not as much room as the military had estimated. The first helicopter had to stay higher than expected. The troops got down, but the helicopter was blowing shingles off the embassy roof and even off neighboring buildings. A lot of other debris was flying around making things very dangerous for the troops and anyone else in the area. The exercise was aborted halfway through. When I reviewed the operation later with the military, we decided to cut down a couple of trees

on embassy property and to try to relocate some power lines. I also instructed that our grounds be regularly policed up to remove construction material and anything that could fly. The military asked to practice again in December, but I delayed, thinking I would pick a time during the holidays when many employees were on leave. It cost over $30,000 to repair the embassy roof and several of our neighbors' roofs. Fortunately, no one was seriously hurt. I decided the operation would work in an emergency and it was desirable to have the potential of helicopter reinforcement because the flying time was less than five minutes, but not much practice was desirable.

Now, to go back, you asked about my instructions. It was clear from all the policymakers I had talked with in Washington that the objective was to get Noriega out so we had at least a chance of stopping the drug and money laundering business and a chance to work with a friendly democratic government on canal issues. Everyone's gut reaction was that we should increase diplomatic isolation and tighten the economic sanctions to force economic decline. Although I worked in these directions, I also reported that we were about to lose ground. Several countries were about to bring back their ambassadors, and our efforts to get the OAS to authorize tougher steps was getting nowhere. Noriega seemed to be able to get increased amounts of drug money and, more important, borrow from the banks in Panama to slow or even halt the decline in the economy. Thus our measures were not likely to do the job. We could hope and pray that there would be another coup from within the Guard. I had even been approached very gingerly about such a coup, but Noriega was very brutal with any opposition, and his good intelligence was not likely to fail him again as it had in October. Moreover, the Cubans were playing a greater role in supporting and protecting Noriega. The only plan I knew of that would end the Noriega regime was the one General Thurman had developed.

I was concerned that Noriega was getting more sure of himself while at the same time he seemed to be more in the hands of the various mystics to whom he gave great credibility. The existence of the democratic opposition and the civic groups that would bang their pots and pans was more than a minor annoyance to him. He was trying to clamp down

on the opposition. Digbats would confiscate the banging pots, for example, and several opposition activists were imprisoned. I was concerned that Noriega would decide to get rid of one, or all three, of the presidential and vice-presidential candidates, who had really won the election. We had arranged for personal bodyguards and for limited security training for their security details, and we provided communications equipment. But these men lived in Panama; in the final analysis they were at Noriega's mercy. Also once I was in Panama, I began to understand that the digbats were a bigger problem than anyone in Washington seemed to realize. There were a lot of them, although we did not know how many. Intelligence placed 600 on the payroll of the electric company alone; several other state enterprises and even a couple of ministries had substantial numbers. Moreover, there seemed to be others, perhaps some part-timers, who were completely outside the government framework and paid from the drug money, and the number was growing as Noriega hired digbats as a way of limiting unemployment in the two main cities. We began to get reports of Guard officers, and even Cubans, training the digbats and providing them heavier weapons, even rocket launchers.

I discussed the digbats with Thurman and his staff several times. Their reaction was that digbats were not their problem as they were not organized as military units and had no bases. The digbats lived at home, mainly in the slums, and came together only for training, pro or anti Noriega rallies, and other political events. It was not possible for the US Army to operate against them, and it was not necessary as they were not a threat to our military which had much greater fire power. “How would we distinguish digbats from other civilians or from teenagers acting macho.” Thus digbats were an unresolved and worsening problem.

As you can imagine, my schedule in Panama was to work about 16 hours a day seven days a week because we had so much going on. Thus far I have not even mentioned our parade of visitors, and I don't mean the special forces and other military units..

Q: Were there many Congressional visitors?

BUSHNELL: Yes. While I was in Washington, Kozak and Aronson complained to me about criticism from various Congressmen about our Panama policy. There was a lot of criticism, including from many Republicans, especially after the Garoldi fracas. I told them we should get Congresspersons down to Panama for brief visits so they could get a feel for the situation, meet the frustrated elected leaders, and talk with the military about their problems. Many Congressmen seemed to think there was a simple answer for the Panama problems. Only if we educated Congresspersons would they understand that the U.S. did not have any really great options to get rid of Noriega. Either the NSC deputies committee or some other inter-agency mechanism approved this idea, and the Administration was very effective in getting virtually all members of the foreign affairs, intelligence, and defense committees of both houses to Panama. Almost every weekend we had one or two Congressional delegations. The following list indicating the dates, leader, number of Congresspersons, and total delegation may not be complete, but it gives an idea of the magnitude of the educational effort: Oct 27-28, Rhodes, 5, 8; Nov 2-4, Livingston, 6, 9; Nov 3-4, Fascell, 2, 10; Nov 9-10 Sundquist, 4, 8; Dec 1-2, Montgomery, 4, 7; Dec 10, Dole, 5, 21; Dec 13, DeConcini, 1, 5; Dec 13, Rangel, 7, 12.

I don't know what orders, if any, General Thurman received concerning this Congressional education program, but I explained to him what I thought we should try to do with the Congressmen. He promised the fullest support of SouthCom, and his personal input was very valuable. Few, if any, military officers had spent as much time educating members of Congress as Max Thurman. He was smooth. We couldn't have handled these many Congressional visitors with the resources of an embassy capped at 60 American employees. However, the military was marvelous at handling almost all the logistics and much of the briefing and entertainment. The military, of course, provided planes to fly the members down together with military liaison officers. The White House priority meant there were always planes available for visits to Panama even when that meant planes for some other trip were not available. Max arranged to have the same few Pentagon officers assigned to this liaison duty all fall so they could listen to what he, I, and others

said during briefings and use that for their discussions on the way down and back. The embassy had lots of vehicles, but no license plates, so I agreed to let SouthCom put their plates on a bunch of our vehicles and use them mainly with SouthCom drivers and escorts for the Congressmen. Even so there was a lot of work for the political section to organize meetings with the elected but pending leaders and with human rights and civic action groups. Such meetings would be at the residence, the embassy, or on one of the bases. As the Panamanian opposition often could not move freely, such meetings had to be orchestrated carefully and often secretly. On some occasions Noriega's people, digbats or police, blocked some opposition leaders from getting to a meeting with our Congress members. Such action made a strong point. I don't think Noriega realized how counterproductive such action was.

Fortunately many Panamanians speak excellent English, including Endara and the two VPs, Calderon and Ford; thus translation generally was not an issue. In fact the Panamanian leaders were very sensitive to the nature of American politicians and would speak to them as one democratic (small d) politician to another. Our members were impressed. As many of them said to me, the contrast between Endara, Calderon, and Ford on the one hand and Noriega on the other was like day and night, and we want day.

Much of my weekends was spent with the Congressional delegations. The informal discussions over meals and between events was often more useful than the briefings I gave. Fortunately for our budget most of the meals were provided on the military bases, although we did an occasional dinner or lunch at the residence. Thurman and McAuliffe and their staffs also briefed each delegation. The military generally provided a helicopter flight to show the members the canal and the many new high-rise apartment buildings of Panama built largely with drug money. Often I went on the flights, especially when the helicopter doors were off and many visitors declined the trip; one felt he was at the edge of space and kept the seat belt very tight. Somehow the members always wanted me to take a seat at the edge. When the weather was good, the pilots would usually sweep in low along the Chagres River and fly a short distance under the jungle triple canopy where

it is actually almost dark but often one gets a glimpse of the wildlife. It was an exciting ride. The military also organized meetings with the troops. Max generally arranged to have numerous soldiers from each member's district or state present so each could get in a little campaigning. I usually did not attend these events. There was always an opportunity for the members to visit a military post exchange and a market where Panamanian Indian crafts were sold. Sometimes there was time in the evening for some members to go to one of the large hotels where there were casinos. In addition to members, we also received many visits by staff. When they came separate from members and during the week, it was a real problem to organize good events for them. I felt that once a week was as often as we could ask the elected leaders to talk with a legislature delegation, although the member visits had a useful effect in keeping up the morale of the elected leaders.

Q: In the Congressional briefings were you making it clear exactly what our ends and options were?

BUSHNELL: The tack I took was to describe the political and drug situations and say that we were trying to find some way other than a major military operation to solve this problem. I said it was hard to find effective options especially as diplomatic isolation was not tightening and the economic decline mainly affected the middle and upper classes which already opposed Noriega. I welcomed any suggestions, but members generally agreed we were between a rock and a hard place. Noriega won't leave; he won't change; he won't let Endara take office. I would tell them I was very worried every time there was a maneuver and we had our 19-year-olds with their guns aimed at their 18-year-olds lined up with their guns aimed at our troops; that's a very touchy situation. Every member agreed war was just a finger slip away. Some would ask, “Why do these maneuvers?” Other members would reply that we had a national obligation to exercise our treaty rights, strengthened at the insistence of Congress. I would point out that maneuvers were an additional way of putting pressure on Noriega, as well as of keeping our troops fully prepared should something happen. The Congresspersons left with an appreciation of the difficulty of the situation and of the nefariousness of the drug and money laundering

activity and its effects on US streets. None ever suggested that they would favor a different approach, although some commented that our military should have seized some earlier opportunity to oust Noriega.

In late November I had a personal experience that gave me a great story to bring the money laundering problem home to visiting groups, because often a little story had the greatest lasting impact as well as lightening a somewhat dry briefing. I was at a dinner party one night with lots of Panamanians, most but probably not all opposed to Noriega. I was seated next to a woman, who was the wife of one of the businessmen or lawyers, just making small talk. She apologized for being very tired. I asked why. Well, she didn't get any sleep the night before. Why didn't she get any sleep? Because she was the supervising teller in a bank and supervised a bunch of tellers who counted money. I said sort of surprised, “You had to count money all night?” “Oh, yes, we had a shipment come in.” “A shipment?” “Yes, you know, the plane comes in full of money. It got here about 11 o'clock, and I only had 42 tellers to do the count and packaging.” I said, “Don't you have counting machines?” “Yes, we have machines; 42 tellers with a dozen machines, a planeload of money, and we have to count it and band it and get it ready according to Federal Reserve requirements to go out in a shipment the next morning. So we have to work from when the money comes in, about 10 or 11 o'clock, until morning to get this shipment done. And it's exhausting.” I said, “How often do you have to do this?” She said, “I only have to do it maybe twice a month. I've got two assistants who generally supervise, but sometimes they can't do it, so then I have to do it.” I asked which bank she worked for; it was a large non-US international bank.

Q: That's a lot of money.

BUSHNELL: Right, and its not one-dollar bills. It gives you an idea of the extent of the drug money laundering in Panama. If you look at the data, Panama was shipping US currency to the Federal Reserve at the rate of something like 75 to 100 million dollars a month. Moreover, Panama was the cheapest place for central banks in Latin America

to get US bills. Panama, of course, is unique because it operates with US money. The US dollar is the currency there. Aside from one-dollar and smaller coins, there is no Panamanian currency; it has been a completely dollarized area since Panama separated from Colombia. The rest of Latin America has a great demand for dollars because, not only do people buy dollars to use when they travel, but many Latinos buy dollars to keep in a mattress or a safe to protect value from local inflation or restrictions on convertibility. Because Panama had to pay to ship the money to Miami anyway, the Panama banks would pay part of the cost to ship to Buenos Aires, Lima, or Bogota, making Panama the cheapest source, although some central banks preferred to buy dollars from the U.S. even at slightly greater cost. In fact, I tried to come up with some ideas or get somebody to give us some ideas how we could refuse to take all this cash from the Panama banks which we knew was mainly from drug money laundering. But it's awful hard for the Federal Reserve to refuse to take genuine dollars, so nobody ever came up with a plan.

This incident was just one dramatic example of what was going on. We knew from many sources that money was being flown into Panama direct from collection points run by the Colombian drug lords in the United States. However, our enforcement effort was on planes bringing drugs into the United States, not on planes taking the dollar proceeds out. Congressmen would say, “Those are the dollars from the drug trade that is killing the kids in my district, and we have to do something.” They hadn't decided just what had to be done in Panama, but their visits to Panama prepared them for whatever had to be done. Thus there was almost universal Congressional support when President Bush did launch the large scale military operation.

Although the embassy, and I mean all agencies, had few staff, we had a lot of activities directed against Noriega. John Maisto had approved an expansion of the usual USIS mailing of current US foreign affairs information material to include some articles in Spanish by Panamanian human rights activists. Noriega had long since shut down or taken over any opposition newspaper or broadcast organization. Bill Barr, who was running the USIS operation with one other America officer and a lot of dedicated

Panamanians, wanted to focus on a biweekly mailing to as large a list as possible and include almost exclusively material on Panama including more material written by the opposition communitattributed and not attributed. Digbats tried to stop the opposition even from putting out simple Xerox sheets, so communication was a real problem for the opposition and affected opposition morale. I knew Noriega would see such an embassy publication as a hostile act, but my instructions were to support the opposition so I agreed while making sure Washington was aware of what we were doing. I heard that many career officers in USIA thought the even-handed reputation of the agency was being put in danger, but the NSC deputies endorsed the idea, and USIA even had to send additional funds to support the publication and mailing.

Some weeks the publication was pretty explosive in its negative information and cartoons on Noriega, and a couple of times I asked to have it toned down some. Our publication became the de facto opposition newspaper with articles by one of the elected but pending leaders in almost every issue. Our mailing list grew rapidly with inputs from opposition friends. I soon found that everyone I talked with was reading it. Intelligence indicated that copies somehow were getting to many people in the Noriega government and the Guard. At the end of December, after the military operation, for a few days I was using a desk in the building that housed the foreign ministry because President Endara established his temporary office there. When I happened to open a bottom desk draw looking for some paper, I found several issues of the USIS information bulletin. We passed out copies in person, but most copies were mailed. But soon Noriega's intelligence operators tried to find where we delivered them to the post office; then they would seize them from the post office. We ran sort of a covert operation where people would take maybe 500 or 600 of these to a branch post office and mail them, trying to avoid being seen doing it. Some were still seized, but most got through. The opposition was encouraged both by the communication and by the fact that this publication was tangible proof the great U.S. was on their side.

We did other things to give encouragement to the local opposition, who were really risking their lives and in a couple of cases losing their lives in opposing Noriega. For example, I gave a big reception on UN human rights day in early December. It's not unusual for an ambassador to give a such a reception, but in this tense confrontational situation it provided a special occasion for human rights leaders, the civic opposition, and the elected but pending leaders to get together under a friendly roof. Most came despite the fact that Noriega's operatives were outside the residence grounds taking pictures of everybody coming in and leaving. For me such a reception required only a few hours and a little speech, but others in the small embassy had a lot of work to put it together and get invitations out.

We had one big screw-up. The DEA and FBI agents attached to SouthCom got a report in November that some group had a mammoth amount, some 60 tons, of explosives in Panama for an attack on American facilities. Needless to say, the thought that someone may place many tons of explosive outside your door gets your full attention. A small part of those explosives would have blown the whole embassy and everyone in it away. SouthCom headquarters or even the large Canal administration building would face the same fate. The intelligence report did not indicate whether the embassy, military bases, or the canal was the intended target. When Thurman first called me one afternoon about this threat, he said the attack was supposed to happen within a couple of days. Thurman shut down the bases, meaning people were discouraged from entering or leaving and every entering vehicle was thoroughly searched. I tried to tighten security at the embassy, but there was not much we could do against that size of threat as we had active public streets on all four sides of the embassy which occupies a small block. We intensified the search of all vehicles entering our grounds.

The next morning I checked with Thurman to see what additional information intelligence had produced, basically nothing. I suggested that he and I review all the bits of intelligence that afternoon. When we got into the sources with the intelligence staff, I learned the report

was from a DEA source in the States, and the only local intelligence corroborating any part of it was a report given the embassy by a source of the FBI agent who had been removed in the draw-down. This report claimed a welder, who had been brought in from Colombia to prepare compartments in cars of departing soldiers for drug shipments to the United States, was now preparing five car bombs. I suggested the obviouthat the source be pressed hard on the precise whereabouts of the explosives. That evening Thurman called me to come back to the tunnel where the SouthCom command post was located well underground. A report from the same source had just arrived indicating where the explosives might ba warehouse or light industrial plant in Panama City. Thurman's question was what do we do. The intelligence suggested the explosives belonged to Colombian drug lords, but we knew Noriega was closely linked to them. I thought Noriega would have to be involved for anyone to bring that much explosives into Panama. Among other things, Noriega would have had to worry about someone blowing him up. The intelligence staff wanted to go to the Guard and get the Noriega police or military to check out the facility where the explosives were supposed to be. They argued that, even if the Guard already knew about the explosives, our approach would result in the operation being called off. I argued the Guard did know and, while our approach might delay any planned operation, it would result in the explosives being moved to another site unknown to us where it could be used against us a little later. We could at least observe this site.

But what else should we do? We could stage a maneuver in the area, but that would not tell us what was in the building and at best would delay the operation only for hours. The military could not break into a private building in Panama even if it were unoccupied, and we did not know it was unoccupied at night. I assumed that any criminal with that much explosive would guard it 24 hours a day. I asked if someone had contract Panamanians who could enter the warehouse. A couple of men, not US government employees, did get into the building late that night. They did not find explosives, but they did find cars being modified with secret compartments. We were not solving the problem. Thurman asked to have the DEA agent who filed the original report come to Panama, and I arranged to join

Thurman's meeting with him the next afternoon. Meanwhile, we had another day of intense security on the bases and at the embassy.

By this time Washington was very seized with this problem. Aronson asked if we should close the embassy and move everyone to a base or even send many employees home. At about this time the Colombian drug traffickers had blown up several buildings in Colombia with large explosive charges, and State seemed to see this threat as related. State authorized me to close down the embassy, but I thought this DEA report may have been a Noriega trick to close a bothersome embassy.

Finally that afternoon, more than 48 hours into this crisis, I met with the DEA agent who had filed the original report. After he explained a little about the source which did not give him high credibility in my mind, someone asked when precisely the source had given him this explosives information. Well, it was several weeks earlier; the agent had been busy and had not gotten the report written for something like a month. Moreover, the DEA agent himself said he did not find the report very credible, but its reliability had been raised in the DEA intelligence dissemination process. The underlying source had not been in Panama for months, and there was no indication he was close to anyone who would be running the type of operation he described. He apparently knew that explosives for some of the operations in Colombia had been shipped through Panama and had projected or elaborated a bit. Only when the DEA got orders to press hard did he identify a building where the explosives might be stored, apparently a building used for criminal purposes with which he had some familiarity.

I gave a big sigh of relief and went back to the embassy where I put through a call on the secure line to let State know the crisis was a false alarm. I was told Under Secretary Kimmitt had left a few minutes before for a meeting on the Panama bomb threat at the White House. The ops center quickly got me patched through to the NSC conference room, and I told the watch officer to pass a note to Kimmitt that there was a major development in Panama. Kimmitt soon came to the phone, and I told him what we had

learned. I will not repeat the choice remarks he had for DEA in the heat of the moment, although I shared them. Months later I learned he went back into the meeting and reported what I had told him. “Further analysis of your intelligence, Mr. Attorney General, shows it's crap.” The intelligence was the Attorney General's, as the DEA is under the Attorney General. AG Thornburgh was furious because apparently he had been briefed that this was hard intelligence and great work by his agency. As is often the case, an ill wind blows some good. The tight shut down of the bases for no apparent reason in November with nothing then happening made us comfortable a month later closing the bases in the same way in preparation for Just Cause without raising much concern or special interest by the Panamanian Guard.

Q: Were tensions increasing in Panama in November and December 1989?

BUSHNELL: Yes. I shall give some examples. In Panama I lived in the apartment leased for the DCM where John Maisto had lived. For many years the embassy had leased a house close to the main middle-class shopping and office area for the DCM; as the confrontation with Noriega grew, the embassy decided employees, including the DCM, should live in apartments which were deemed safer than houses. When the threat was the government-sanctioned digbats or National Guard, it is not clear to me why apartments were deemed safer. However, I had a lovely apartment at the top of one of the highest apartment towers in Panama where the view from the several balconies was enhanced by the fact the building was located close to the top of a hill. I didn't live at the residence which was in fairly poor shape because a number of Panamanians had been protected living there for months before they got out of the country. But we had the residence rigged with lots of emergency communications gear which was largely maintained by SouthCom. One day in December two carloads of SouthCom military personnel, about a dozen, who'd been at the embassy residence working on this communications equipment, were driving back from the residence through Panama to their base when they were picked up by Guard agents and held for a couple of hours, frisked, verbally abused, and finally let

go, as SouthCom liaison officers were frantically demanding their release to their Guard counterparts. These sorts of harassments were happening with increasing frequency.

The highest profile American prisoner was the agency contract employee caught running a clandestine opposition radio station. He was locked up in a jail cell in the Guard headquarters. Noriega ordered that a machine gun be mounted in front of his cell. The chief guard regularly repeated the standing order to the guard on duty. “If anything happens, if the Americans do anything, your first job is to kill him.” One of the problems was how we were going to rescue that guy if anything happened. At Thanksgiving time one of the embassy's local employees who handled the mail was picked up, apparently by Noriega's secret police, tortured for the whole day, cursed out because he cooperated with the Americans. He wasn't permanently physically damaged, but the incident worried our local employees a great deal. Some began sending family members to the States.

I was, of course, regularly followed everywhere I went. Any phone that I would be likely to use was tapped, including all the phones in the embassy. There was a post of Noriega's intelligence set up across the street from the embassy so it could watch every move we made day and night.

Fortunately my working and personal relations with both Max Thurman (CICN) and Dennis McAuliffe (Canal Administrator) were excellent, so the increased tensions with the Noriega government were partially offset for me by the smooth working coordination and cooperation among the main US entities in Panama. I was concerned that we had too many official American dependents still living in Panama and thus subject to harassment or hostage taking by the digbats or others. The Canal had been trying to move those among its declining number of American employees who still lived outside the Canal area into the Canal area. Even so the Canal area was not part of any base, and law enforcement was the responsibility of the Panamanian Guard, although the Canal hired additional personnel, mainly from Puerto Rica, for its security office. In December we were discussing in the Panama Coordinating Committee having regular military patrols through

Canal housing areas under our maneuver authority. Many Canal employees such as pilots, those married to Panamanians, and those who had purchased or built their dream house resisted moving into the old and regimented canal housing. After I discussed the problem with Thurman, SouthCom decreed that no sponsored military family could live off base. However, those living off base whose tours were coming to an end were not forced to move on to bases; there were too few houses available. Newly assigned soldiers were not allowed to bring their families to Panama at government expense until base housing was available. But quite a few brought family at their own expense and installed them in Panama City. Many American civilian employees and especially contractors for the military lived off base. After I discussed the problem of too many potential hostages with Max again in mid-November, he moved to solve part of the problem by ordering all soldiers to sleep on the bases, discouraging soldiers from bringing dependents to Panama.

One of the more difficult American employee situations involved the Smithsonian which has a big tropical research operation in Panama. The Smithsonian argued that it should be considered a private institution and was thus not covered by the President's cap on official Americans in Panama or the evacuation of dependents. It had more Americans paid on the GS schedule in Panama that any single agency in the embassy, including State. Some even lived in the dangerous downtown area close to Noriega's headquarters. The head of the Smithsonian Tropical Institute had a house in one of the best suburbs just three doors from Noriega's private home. I encouraged the Smithsonian to reduce staff. The director, who had been in Panama for years, argued that he knew the Panamanian people; they were peaceful and they liked and respected the work of the Smithsonian. I pointed out some of the nasty things Noriega's people did; finally the director authorized voluntary evacuation of dependents, but few departed. Some of the Smithsonian employees were in the middle of the fighting around the headquarters, but fortunately none were killed. Many agencies played games with the Presidential cap of 50 Americans in the embassy. They would send employees on TDY for a couple of months; the individuals would then go home for a couple of weeks and come back for another two months. Some agencies

moved employees on to bases, but they still came to work many days in the embassy. I was in the uncomfortable position of trying to enforce the substance of the Presidential cap, although I thought it low, without overly antagonizing the agency heads who had jobs to do. Also I was a prime consumer of much of the intelligence gathered by some of these extra people.

Generally Americans living in Panama simply didn't appreciate the danger. Most thought that US military power was so great in comparison with the Guard that, if the U.S. really wanted something, it would be done and Noriega would not dare mess with Americans. The Navy Officers Association in Panama invited me to be the speaker at its big annual dinner in early December. Many retired US military and contractors of all branches attended this dinner. I asked Thurman if he agreed I should sound a wake up call; he did. I described the situation. Then I said my assessment was that the tense situation would not continue another year, bullets could well fly, and digbats could well be set loose. Panama outside the bases was a dangerous place, and there was a high potential for people losing their property and even their lives. Quite a few approached me to say, “Don't be such an alarmist. The Panamanians, they're a peaceful people.” After the events a number of them came up to me and said, “You gave us a clear warning, and we just didn't listen.” I was told at least one guest at the dinner was killed December 20.

Q: I guess it was December 16th that the Panamanian Assembly urged by Noriega declared that a state of war existed between Panama and the United States?

BUSHNELL: It was on Friday the 15th that the Assembly passed a resolution declaring the country in a state of war and adopting emergency measures. The resolution established a new position as head of government and named Noriega to it as the maximum leader of the struggle for national liberation. He was given many special powers in effect endorsing his role as dictator. The resolution stated that irresponsible actions by the government in Washington had impoverished all the people, closed off job sources, made access to consumer goods more difficult, and decreased the flow of tourists. Initially I thought that

this resolution was just public relations, placing the blame for the lasting poor economic situation on Washington and confirming Noriega's dictatorial powers. However, I was soon informed of a speech Noriega gave at about the same time in which he said among other threats the Canal would run red with the blood of Americans. When I talked with General Thurman that evening, I asked what unusual military actions the Guard was taking. He said the Guard had moved to a higher level of alert and he was inclined to match them; I agreed. Statements by Secretary Baker and other officials in the U.S. had been strong but had not had blood flowing.

Noriega had also referred to taking over the Canal soon. I initially assumed he was referring to a Panamanian assuming the administrator job at the turn of the year 1990 as provided in the treaty. This issue had potential explosive power in Panama. The treaty provided for the administrator to be a Panamanian for the final 10 transition years, but the Commission he would run would continue to be a US government agency, and its head was to be appointed by the US President. Since we had no official contact with the Noriega government, we had not initiated discussion on a Panamanian candidate as we would have in normal times. I had proposed that McAuliffe leave on schedule at the end of the year, as he wanted to do, with the existing Panamanian deputy administrator, Fernando Manfredo, taking over as acting administrator. In this way a Panamanian would be running the Canal as provided in the treaty, but it would not be Noriega's man, although Fernando was associated with his political party. My proposal seemed to be favored in Washington, and I had been authorized to raise it with Fernando, which I did for security reasons at a private lunch in the ambassador's office at the embassy, with my residence butler bringing a light lunch and serving. Although I thought US internal discussion of this issue was being closely held, it is likely there was a leak.

In early December Phil McLean, the DCM in Bogota, called me secure with Fernando in his office; Manfredo, who was in Bogota completing an Andean trip recruiting canal business, had received a telephone call from a friend in the Guard who said Noriega had given orders to pick him up when he landed back in Panama. I quickly got Thurman on the

phone. He checked our intelligence, which could not confirm the report but had picked up a lot of bad-mouthing of Manfredo as a traitor by close associates of Noriega. Fernando had been a close associate of Torrijos, but not of Noriega. He still had many friends in the Guard and in the Torrijos political party. I won't go into all the details, but Fernando switched flights to arrive in Panama earlier than was expected; Thurman had a group at the airport and a nearby maneuver unit in case of problems. We informed no one in the Canal Commission nor anyone else in Panama about the changed schedule.

The next morning, which was a Saturday, I went to my office early to follow developments. Not only was Fernando a senior officer of a US government organization but he was a long-time friend. Our military from the airport reported the Colombian civilian plane landed but was diverted from the civilian side of the airport, where they were, to the military side. I feared the worst as the military scrambled to get some liaison officers to the Panamanian military air facility. I had a nervous hour or more as our military could not find Fernando. Then Fernando called me from his home. He had been scared when the plane was diverted, but he just hid his face and disembarked with the other passengers and rushed out to the street where he got a taxi to his home in the canal area less than 100 yards from the base where Thurman's headquarters was located. I guess I will never know if Noriega was trying to grab Fernando and our actions avoided disaster or if it was all a false alarm.

Q: So what happened after Noriega was named maximum leader?

BUSHNELL: Saturday morning, a holiday in PanamLoyalty Day, the date Noriega had taken over the Guard in 198we reported the various developments apparently related to the Noriega holiday in cables, but we did not indicate we were reaching a fundamental decision point. I think we did flag both the American blood in the canal and taking-over-the-canal remarks as raising big potential problem areas about which we were likely to hear or see more soon. How wrong I was.

I reluctantly and against the wishes of my security people had agreed that the big annual dinner/dance/party of the American community in Panama could be at the residence that Saturday night. This annual dinner was a fund-raiser for various local charities supported by the American community. Often it was held on one of the bases, but the frequent tight security on the bases ruled out that locale. The American organizers, leaders of the community, were particularly eager this year to have it at the residence because they were concerned that, if it were in a less secure location, contributors would stay away in fear of disruption by the digbats. Much as I wanted Americans to leave Panama to reduce the potential for American hostages, I also felt an obligation as a leader of the American community. I agreed the event could be at the residence if the organizers did all the work, including arranging the clean up before and after. As I usually did, I went swimming that Saturday afternoon in the residence pool, and a large team of Americans were preparing the reception rooms and gardens for a big crowd.

I remember the party as festive. I met a lot of Americans I had not met before. About 9:00 PM Thurman's deputy, who was one of the guests, pulled me aside to say he had just been notified the Guard had shot at a car full of soldiers and there were wounded or worse. The rest of the evening was schizophrenic as I tried to join the festive occasion between phone calls with SouthCom. About 10:30 Thurman ordered full enforcement of the 11:00 military curfew with all military at the party to return to the bases except one who was to provide secure communication for me. I tried to get the military to slip out without other guests noticing, but many military wives could not understand why they had to leave, especially as some were on the clean up committee. Then one of the waiters carrying a full tray of drinks walked through a closed glass patio door. Glass was everywhere, and a doctor guest accompanied the poor guy to the hospitacut and embarrassed but not really damaged. Most guests were leaving rapidly. It was confirmed that Marine Lt. Paz had been killed by the Guarby the Machos del Monte who Noriega kept guarding his headquarters after the Giroldi incident. Just what Marine officers were doing in the area of the headquarters, which was off-limited to US military, was not clear, but Thurman said

they were not on duty. I suggested that I come to the tunnel command center from the party instead of going home, but Thurman said it would be sometime before they had the details sorted out. Before I departed the residence SouthCom reported there had been another incident, apparently in the same area, and two Navy officers were being held by Noriega's intelligence people. Thurman said he had ordered all liaison officers to reach their contacts immediately to demand their release but I best get some sleep, and he suggested we meet very early in the morning to analyze the situation.

When I got to the tunnel command center Sunday morning early, I learned four Marine officers had been at one of Panama's best restaurants located in old Panama where the streets have an irregular pattern and it's very easy to get lost; believe me; I've been lost there myself. Although much of that area was off limits to military and embassy personnel, the restaurant is on the edge of the off-limits area, and many official Americans went to it. Four Marine officers in an old Chevy Impala got lost on leaving the restaurant and drove not only into the off-limits area but directly toward Noriega's headquarters. The Machos del Monte had blocked the streets adjacent to the headquarters as part of their security for Loyalty Day. Moreover, they had been celebrating Loyalty Day with many loyalty drinks. Later I learned Noriega had intelligence that a coup was planned against him for that day, and this intelligence was probably the main reason for intensified security and edgy troop nerves. The Montes motioned for the Americans' car to stop. Instead of stopping, the Marine officers did a 90 degree turn and went up a street that didn't seem to be blocked by soldiers. They didn't exactly run the roadblock, but they did not stop when ordered. They proceeded sort of parallel to the headquarters. The Machos Sargent ordered his men to fire, and they did, mainly hitting the car with AK-47 fire from behind, although apparently there were some soldiers up the street the Marines were taking who also fired on the car. By bad luck, one shot went through the trunk and the seat and hit one of the Marines in the back seat, destroying his spine. The car continued immediately to the military hospital, but Lt. Paz died. He was the first American soldier killed by Guard fire in some three years of heightened tensions.

Q: And the Navy officers?

BUSHNELL: By the time I arrived at the tunnel command center in early morning they had been released. But both had been verbally and physically abused. The young lieutenant in Naval intelligence had been at a Panamanian restaurant with his wife, who was also a Navy officer but was not assigned to Panama and was making an unauthorized weekend visit. They had approached the headquarters area sometime after the first incident. Traffic was badly backed-up. They did not do anything out of the usual except that they were in an off-limits area where emotions were running high. They were forced out of their car; masking tape was wrapped around their mouths, and they were taken to a military intelligence facility where they were separately questioned and abused. The Lieutenant was kicked in the groin 15 or 20 times, hit with a hammer, and threatened with death. He was told his wife was being sexually abused. She was so threatened, but in fact her only damage was a gash on the head when she was thrown against a wall. Both were accused of spying. For some hours the Guard had denied holding this couple. There had been numerous other incidents in 1989 when military personnel had been picked up and aggressively questioned, but none had been held as long nor so abused.

Thurman told me the Guard was mobilizing, organizing forces into battle positions, and recalling off-duty personnel. The situation looked threatening. Thurman and I debated whether it was the time to move. We knew Blue Spoon was ready; the forces had already practiced. I was concerned the usual slow decision-making process in Washington would drag and we would not have the essential two-day mobilization period before we were forced by Noriega's actions into combat. For several hours we were on the phones to the Pentagon command center. At first all the details of the incidents were reported. Then Thurman went through a process of checking with each service element that it was fully ready for Blue Spoon. When Chairman Powell arrived in the Pentagon center, the review of preparations was largely repeated with detailed questioning of Thurman on units under his command. Secretary Cheney joined the discussion, and the focus turned more to

the overall situation. I laid out the exit strategy with the already elected political leaders establishing a government with the full support of the middle-classes once Noriega was gone and most of the Guard was taken prisoner and demobilized. There was considerable discussion of more limited operations just to grab Noriega. I argued strongly that the events of the night before illustrated what would happen to hundreds of Americans in the wake of a limited operation. There were many questions, and I explained in detail how many Americans were scattered among the civilian population and how exposed they were. I remember suggesting Noriega's statement that the canal would be red with American blood was directed to the reaction he had planned if something happened to him.

My feeling was that Powell was cautious. He was convinced by Thurman that the military were ready, but he correctly pointed out many of the things that could go wrong, although not getting Noriega was not considered a possibility by anyone. Cheney was leaning more forward. He kept referring to a statement I had made that the question was whether we would make the decision to launch our operation on our time schedule or wait until Noriega forced us into a much more difficult and bloody fight on his time table. Someone asked if there were not some other way to get Noriega out; I reminded everyone that we had made many tries over the previous few years without success. There was a discussion of whether the situation would hold for the next three days while we positioned for Blue Spoon if the president so decided. Thurman was cautious since the higher state of tension might result in additional incidents. I argued that Noriega had had a lot of activity in two days with his statements, the action of the assembly, and the Saturday night incidents; normally after such a period of activity he kept things quiet for awhile. Also, I said that, if there were additional incidents, they would only prove we were right to be mobilizing; we would just have to control our response briefly until the decisive moment. Thurman added that he would keep the bases locked down, and no one would be going to restaurants off base. Cheney ended the long discussion saying they had to prepare for a meeting at the White House. Neither he nor Powell indicated what they would recommend.

I then had the communicators patch me through secure from the tunnel to State. I talked with several ARA officers including Kozak and perhaps Aronson. My main purpose was to make sure the State representative at the White House meeting was briefed on the two incidents and the reasons I thought now was the time for action. As Thurman walked me out of the tunnel to my car on a beautiful sunny day, I asked what he thought the White House decision would be. He said something to the effect that the decision was too big and too optional for a Sunday. I said I thought President Bush was leaning forward even more than Cheney and a lot of troops might get a break from the cold weather very soon.

Q: On Sunday about five-thirty in the afternoon you got a call from Jim Baker.

BUSHNELL: I spent the afternoon in the embassy working on my plan to deny Panama banks which laundered drug money access to wire transfers. I needed something to keep my mind off the discussions I imagined were going on in Washington and the potential results any decision would have in Panama. I got a call from Secretary Baker on the secure line. He said, “John, you seem to know more about all the military planning than anybody in the State Department does, than I do, but the President has agreed to launch something called Blue Spoon late Tuesday night. There are only two people in the entire State Department who are going to know about this, and we are on this phone. Operational secrecy is essential to success. Your job is to have a government standup as the troops land. Can you do that?” I said, “I think so. Those that were elected are brave individuals; they want to rule, but they don't want to be killed. When they understand the concept of Blue Spoon, they will do their duty.” He said, “There are going to be a lot of things you're going to have to deal with, so I'm your desk officer. You can't talk to anybody else about this. Anything you need, anything you want done, call me anytime. Thurman knows about this obviously, and there'll be a few others who will know the thing's set, but very few people will know that it's a go.” That night I got together with Thurman, just the two of us, to make the necessary plans.

Q: Did Baker give you any specific directions?

BUSHNELL: Other than to have the Endara government take over, no. He indicated that he knew I was working closely with the military on their part of the operation.

Q: A bit vague.

BUSHNELL: The military's job was to take down the Panamanian military, and my job was to produce a civilian government. It was understood that this meant the three people who had been elected. They would constitute a legitimate government. That was always the plan. Thurman had the entry plan for the military, and I had the exit. Basically I had the impression throughout, from the time I went to Panama, that everybody including Baker and the President thought, when it comes to the details, even the big details, leave them to Thurman and Bushnell. Let them handle the operation. ARA had the same attitude, trying to do whatever I suggested was needed but not getting into the details. Now I had a lot of planning and preparation to do, and I had to do it myself without telling anyone in the embassy or outside what was about to happen. Of equal importance I had to go through Monday and Tuesday all day without letting on to anybody in the embassy or outside that something big was about to happen. Recognizing that I was very carefully watched by Noriega's agents, I had to act normal so that I wouldn't tip anything to the Panamanians who, I assumed, were super-alert.

Q: Did you sleep well?

BUSHNELL: I slept pretty soundly four or five hours a night, because that's the only time I had to sleep and I was pretty tired. I don't recall any problem sleeping, but there was an awful lot to think about as well as pursuing the normal routine. I really had to adopt a schizophrenic personality. For example, on the Tuesday we had a meeting of the Panama Coordinating Committee which had been scheduled a couple of weeks before. McAuliffe was there; Thurman came for the first few minutes, then left his number two in charge.

There were maybe 15 people at this meeting, and only two or three of us knew Blue Spoon was on. This was expected to be an important meeting because we were moving to a decision to put US troops into the housing areas where American Canal employees lived. Most of these areas were adjacent or close to US military facilities, but they didn't have US military protection, and both crime and harassment incidents were increasingly frequent. The Panamanian Guard and police were responsible for protection and were providing less and less. Thus the proposal was to have regular and frequent military police patrols under our treaty maneuver rights through these areas. Such action would be an insult to Noriega and might generate a strong reaction. However, failure to improve canal employees' sense of security for themselves and their families would soon result in fairly massive departures of American employees, some of whom were essential for smooth operation of the canal. Thurman's deputy, an admiral, and myself were the only people that knew the entire main subject of the meeting was irrelevant because things were going to change very quickly. But we had to go through with total seriousness discussing this plan in great detail, making the decision to recommend it to Washington, setting up committees to perfect the planning, and another committee to work on the public presentation.

By Sunday my Monday and Tuesday schedules were pretty well filled, so I went ahead with that schedule to avoid calling attention to anything I might do. Sunday and Monday evenings I had time to plan what actions I needed to take and to coordinate with Thurman. Most of the time-consuming things would be done by military personnel anyway; in fact a top secret order for actions by various military units to support the standing up of the new government was prepared Monday night. I had scheduled, as it happened, a call on the Japanese charg# on Monday morning. When I got to Panama, I set up a program to call on the ambassadors or charg#s of all the friendly embassies to explain our policy in detail, get their ideas, and try to get their support for example by keeping their ambassadors home. I made two or three such calls most weeks and was coming to the end of the list. The Japanese call was particularly important because the ambassador, who had spent

months on leave and consultations, had told our embassy in Tokyo that he would return after the holidays. I tried to encourage the charg# to recommend his ambassador not return because it would then seem that Japan was giving some diplomatic support to Noriega. Of course I did not hint at what was going to happen, but I did tell him it was a very dangerous situation and he should make sure his staff paid close attention to their security. Interestingly, after the events, in January, a senior Japanese diplomat, the head of their foreign assistance program, visited Panama as part of the Japanese effort to respond to US suggestions that Japan provide major financial aid to the new Endara government. He invited me to lunch. He started out apologetically saying that he and his colleagues appreciated my effort to alert the Charg# about Blue Spoon. He said the charg# hadn't quite gotten my message, but they had read the cable reporting our conversation again, and they could see it clearly now. They really appreciated what I tried to do for them, which, of course, was not what I tried to do. I accepted his thanks and asked for at least $50 million in assistance for the Panamanians.

Also on that Monday, I was scheduled to attend a lunch organized by a group of Panamanian businessmen, who were generally opposed to Noriega but also very concerned about the deteriorating economy. I had accepted the invitation because I wanted to use this event as well as several others to try to get responsible Panamanians thinking about economic policies and actions any post-Noriega government should take to speed up economic activity and substitute legal productive activities for the drug business. In short, even before the events of mid-December I had wanted to get the Panamanian opposition thinking about what they would do if they came to power. I was trying to get the President and the two Vice Presidents to think about people who might be in their government and getting small groups doing some homework, working with the numbers, getting some policy ideas so that, if a change came, they'd be ready to go. A second advantage of promoting such concrete thinking about governing was that it raised the morale of the opposition. Guillermo Chapman, who organized this lunch at his home, was probably the strongest Panamanian on the detailed workings of the economy and the

meaning of the economic statistics. Some of the other guests were close to the elected but denied officials. Some I did not know.

I gave my pitch that they should be doing some studies, putting together some papers, and looking at alternative policies because you never know when something could happen. They said, “Nothing's going to happen. You Americans are all talk, but you don't do anything. We bang pots and pans, but we can't do anything either.” Finally we got a pretty good economic discussion going, and a couple including the host agreed to work up some ideas. As the luncheon was concluding, several returned to the theme that nothing would happen to change the terrible situation. To give a more positive end to the lunch I offered a bet. I said I would offer a lunch for all present within six weeks if nothing basic changed, but, if it did, each of them would have to host me at a lunch. Everyone accepted. Of course, in retrospect some saw this bet as giving them advance notice. But if Noriega heard of it, and he probably would have eventually, he would just have wanted a piece of the bet. Two or three of the group got positions in the Endara government including the host. About half invited me for lunch at one time or another.

Q: You were talking to Endara himself at that point?

BUSHNELL: Yes, I talked with him at least briefly a couple times a week, sometimes with the Congressional visitors, sometimes at social occasions; several times I met privately with him. I also saw the two VPs frequently. I consciously tried to give them moral support and to do the few things I could to improve their physical security such as access to a house on a military base and improved communications. However, although Secretary Baker had implied that I could tell them about Blue Spoon, I didn't feel I could before Tuesday night because there was too much danger something they would say or do would unintentionally tip off Noriega, who had them watched like a hawk. Even a big improvement in their spirits might be a warning sign to Noriega. Secrecy and surprise were absolutely essential to the success of Blue Spoon; many American lives could be lost if Noriega and his forces were prepared for our troops' arrival. Thus I was in the

awkward position of making all the preparations for Endara and company to assume the government without tell them. On Monday I sent messages to each of the three inviting them to have dinner with me across the canal at Howard Air Force Base on Tuesday evening. I told the junior political officers who delivered the messages to tell them it was a very important visit. I hoped everybody's assumption, including the officers in the political section, would be that we were going to have a visitor, perhaps the Deputy Secretary or even the Secretary of State, who was on his way someplace and was going to stop and have dinner with the elected but denied leaders. I didn't say that, but I sort of led them to believe it.

Q: Baker said in his book that he had four discussions with you on that day, Tuesday, the 17th. Do you remember? He said the last one was at 11:55 in the evening.

BUSHNELL: I recall several conversations with the Secretary. On Tuesday morning just as the Panama Coordinating Committee meeting was breaking upeople were milling around my office because our most secure conference area was a part of the ambassador's office which I usemy secretary came in and said, “Secretary Baker is on the secure line for you.” Of course, it is not often that the Secretary calls a chief of mission anywhere on the phone, although my secretary knew I had spoken with the Secretary on Monday. I had to shoo everybody out of my office before picking up for my desk officer. I think it was in that conversation that Baker said he had told Eagleburger, Kimmitt, and Aronson. He asked me to discuss efforts to get OAS and hemispheric support with Aronson. Ever the superior lawyer, he said he had been working on the legal basis for the action which I had raised with him on Monday.

Q: It was a secure line presumably.

BUSHNELL: Yes, I had secure phones in my office and at home. The Secretary had given me his personal secure numbers on Sunday. Of course, we couldn't communicate in writing as many additional people in the communications channels would have found

out about the operation. As I recall, we had two discussions on Monday. I told him how I was handling the new leadership, that they would be sworn into office by midnight Tuesday, that a radio station would start broadcasting their messages to their people by 1:00PM. I asked him how we were going to deal with the international legal aspects and the legal authority for the operation. He said, “Oh, dammit, I'll have to get the legal precedents. I can't get the lawyers involved yet. I'll work on it.” Later he told me he found a way to get the lawyers involved without telling them what country. I didn't have much that I needed him to do, although it was rather nice to have the Secretary of State as a desk officer, rather comforting. Fortunately, the cover hints that we were going to have important visitors explained and were reinforced by calls from the Secretary; word of which undoubtedly spread through the embassy and probably to Noriega's intelligence people. On Tuesday we talked two or three times. If he says four times, that's probably right. I talked with Kimmitt a couple of times too. He may have counted some of those conversations; in fact he may even have been present when I was talking with Kimmitt for all I know.

I had to make detailed plans with Thurman. We decided to use the house on Fort Clayton already assigned to the elected leaders as their base. I arranged for the Howard Officers Club to serve dinner for a dozen or so in a private area at seven o'clock. During dinner I would tell the elected leaders what was going to happen, and thereafter I'd keep them with me. I wouldn't let them go off and make phone calls or anything. We would send for their immediate family members with either their security details or the embassy bringing them to the safe house. Thurman would provide a helicopter to take us from Howard to the safe house. The military would place Panamanian flags and appropriate backdrops in the house for the swearing ceremony. The military would provide coverage with TV tape and photos. I activated a plan for a radio station to go on the air so that Endara and company could explain that they were the new government and give instructions to the population. I arranged for military radio technicians to be at the safe house at 10:00PM to record the initial announcements from the new leaders.

I also had to deal with the embassy situation. I double checked with Thurman that the reaction battalion would be available to protect the embassy if needed. He said it would, although the availability of helicopters might be limited; as the drive to the embassy was short and there would be no traffic after the operation started, reinforcement did not appear to be a problem. About half of the American staff had already departed to spend part of the holidays with their families. There was nothing I could do to improve the security of those remaining without risking a leak on the operation. Moreover, it was not clear that our employees would be safer on a base than scattered in their individual apartments, since any counterattack by Noriega forces was likely to be against the bases. On Tuesday, about noon, I called the security officer and the Marine Sargent to my office; I told them that by 11 o'clock that night I wanted every Marine present in the embassy, and I wanted them to stay there until I told them to go home. I said it was an important drill. A couple of hours later the administrative officer, Bo Bmytrewycz, came to ask me what was going on. I apologized for not ordering the drill through him. Then I told him I might be quite late for the going-away party I was giving at the residence that evening for economic counselor, Ed O'Donnell, for whom I had finally located a replacement, and I asked him to stand in for me and give the appropriate speech with my apologies if I were not there by 8:30. There were 300 or 400 people invited to the reception, the leading business and economic figures not associated with the government, and I told Bo not to call attention to my absence but, if I did not get there, to say I was detained with some VIP visitors. I just changed the subject when he asked me again what was going on.

As I mentioned, we had worked out a schedule so that everybody in the embassy who wished to, except me, got to visit their families in the States over Christmas. Some went early and were due back just before or after Christmas at which time others would go. The heads of the political and counselor sections were on the early shift, so my political section consisted of two junior officers. I asked both of them, Pat Perrin and Alex Margolis, to come to Howard Air Force Base that night, each with an embassy car and driver. Of course, the rumor in the embassy was that there was going to be a VIP visitor and I

wanted the Marines there because the VIP was coming to the embassy. It provided a good cover. Although I never actually told a lie, I never told anybody what was going to happen. I just gave instructions.

By some time Tuesday, probably in the afternoon, Bernie Aronson called me to see what was going on and if there was anything he could do. We discussed approaches to other Latin American countries and through the OAS; I suggested a half dozen countries where one or another of the new leaders had strong ties and suggested we allow time for them to talk with the presidents of those countries before we made any direct approach. Bernie agreed, and I asked him to prepare a list of best telephone numbers to reach these presidents as the leaders with me might well not have access to their records. He indicated that he would have a task force set up in the operations center first thing Wednesday morning which would provide whatever support I needed. At some point in the afternoon Secretary Baker called, and I told him Noriega had gone to the house of a mistress in the city of Colon. I said that, if he follows the usual pattern, he will be there when we arrest him at 12:40 AM. The Secretary asked what security the house had. I said that, if I remembered right, the back of the house actually extends out over the bay. There would be a few sleepy guards in front. The Navy Seals would come in from the bay, up underneath the house; some would take care of the security while the others captured Noriega. I commented that we were in luck because Noriega could have been in his headquarters or other military installation where he might well have led a strong defense. The Secretary commented that we needed a lot of luck over the next 24 hours.

Q: Again, I gather from Baker's book that Aronson really didn't know until virtually the last minute, but Aronson did sort of suspect something.

BUSHNELL: I don't know. By the time Bernie called me, the Secretary had told me he had brought Bernie in on the operation. I recall a strange conversation on Sunday evening after the Secretary had called me; a duty officer from the State operations center called me secure to ask what I could tell him about the principals only meeting that afternoon at the

White House on Panama. I said I was in Panama and he was in Washington much closer to such a meeting. I asked what he could tell me. I think he replied that Aronson was working on a report for the Secretary but had not been able to speak with the Secretary.

Q: What happened on Tuesday evening?

I recall on the drive to Howard AFB thinking what a dramatic moment this would be. Seldom does the host of a diplomatic dinner lay out a scenario for a full combat attack and ask his guests to take over their country. At the same time it was a scary moment. No combat operation goes fully as expected. There would be casualties; many Panamanians would die if they resisted. I tried to review my checklist of things I had to do and get done that night. Both my American DS guards were with me as well as my full security complement of about six Panamanians; I suggested they get something to eat while I was having dinner, as it might be a long night.

The President and two Vice Presidents arrived on time with their security. They were, of course, expecting some visitor from the United States. I suggested we sit down and get our orders placed. Once the waiters left, I explained that things were about to change and we were about to have a lot of visitors. Noriega had gone too far with his speeches and then the killing of one soldier and the torture of two others. “What sort of visitors?” I said, “Like 15,000 visitors all armed to the teeth.” Then I explained the military operation with all main force Noriega units anywhere near Panama City being attacked at the same time later that night, mainly by forces coming from the States by plane. I said our intention was not to occupy Panama but to get Noriega and to permit them, as the leaders duly elected by the Panama people, to take over the government. They had a few questions about the scope of the operation and then about what physical arrangements were being made for them. As the food came, everyone fell silent, and I could see that the magnitude of the situation was just sinking in. Ricardo Arias Calderon, the most sensitive of the three, said, “Hundreds, even thousands of people, Panamanians and Americans, are going to die tonight. It is a terrible night for Panama.” I said I hoped the resistance would not be so

great that there would be a large number of deaths. After awhile Billy Ford said, “The die is cast. Let's get on with what we have to do.”

I explained that we had a helicopter to take us to the safe house. Then we began addressing the practical immediate problems. Who could swear in the President and the Vice Presidents? I had assumed they could identify a friendly judge we could send for. Arias Calderon had a copy of the Panama Constitution in his briefcase. He began reading. The President could be sworn by a Supreme Court Justice, the head of the Congress, certain other judicial officials. They said all these were people close to Noriega. “My God, we've got a problem here. Keep reading.” Finally the last category eligible to administer the oath was “any two citizens of Panama in good standing.” Bingo! Citizens of Panama in good standing we could find. The leaders said they would like to have the heads of the two main human rights groups. I asked them to write notes to these men telling them that it was urgent that they accompany the US embassy officer who was bringing the note. I said we would explain what it was about only when they were with us at the safe house.

Then we turned to collecting their immediate families. Noriega was notorious for using family members to get at his enemies; thus we needed to protect the immediate families. Endara was a widower. Ford wrote a note to his wife and sent his security to collect her and bring her to a certain gate at Fort Clayton. But Ricardo had a bigger problem; his wife was about to be en route to the main airport to collect their daughter who was arriving on a plane from the States about 11:00 PM; the daughter was a college student in the U.S. returning for the holidays. I had Ricardo write a brief note to his wife instructing her to accompany the embassy officer who would look for her at the airport; I said he should tell his wife to leave with the embassy officer if the plane had not arrived by 11:30 because it would not come that night. I had a mental picture of the disaster of having a late plane from the U.S. just unloading as the paratroopers land to secure the airport so the military transport aircraft can begin landing. I hoped the military would divert any aircraft somehow, but I did not say anything. I sent Alex and Pat together with one of Ricardo's security detail in the two embassy cars to collect the two human rights witnesses, whom Alex would bring

to the safe house while Pat took the other car and Ricardo's security person to the airport to find his wife and daughter.

I had arranged with the Secretary that, once I had obtained the agreement of the elected leaders to take over, I would telephone him and he would tell President Bush. I did not think the operation would be called off in the unlikely event that they refused to take over, but it would still have been possible. One of the tasks in the top secret military orders in support of the embassy was to have a secure phone available to me at the Officers' Club. About 7:45, once it was clear we had a new government, I excused myself and went to call. “Where's the secure phone?” Several communicators were there, but they had not yet gotten the secure line working. I went back to the table, and we continued planning. Technicians would come to the safe house at 10:00 to record initial messages from each of them for broadcast on an AM radio station that was being prepared as we talked. They discussed what each would say. In 15 or 20 minutes I went to the phone again. It was still not working. I said, “I really need to talk to Washington. They're sitting on pins and needles waiting for me to call. Call me as soon as it's working.” We continued planning. The new leaders would write a letter to President Bush laying out their program of government, especially their commitment to stop the drug business.

A little after 8:30 a colonel whispered to me that the helicopter would be ready in 15 minutes. I then asked where the closest secure phone was. There was a phone in the house of the Howard Air Base Commander a few blocks up the hill. The communicators said their jeep was ready. We raced up the hill. The phone was in the bedroom. The communicators got it working quickly and got me through to the number the Secretary had given me. At the time I thought it was a number in the White House, but I subsequently learned the Secretary had stayed in the Department. My recollection is that I talked to Kimmitt, that Baker was in another room. But events then began moving fast, and I may be confused with later conversations. I recall Kimmitt saying, “Where the hell have you been; we were expecting a call an hour ago; we're very nervous here and were even trying to reach you.” I explained the secure phone at the club did not work and I was now sitting

on the base commander's bed. I confirmed that everything was going exactly as planned and the new government would be sworn before midnight. I asked if the security of the operation was holding in Washington. I was told that Washington was buttoned up but the press was reporting on troops being deployed from some bases to parts unknown.

After I had talked with State, we drove to the air terminal and were led out to a waiting helicopter. My two American SY guys flew with the three Panamanians, a military liaison officer, and myself; the rest of our security and drivers were sent to Fort Clayton by land. It was a typical tropical evening; a little rain fell just as we were getting in the helicopter. I noticed there was a lot of activity all around the base. We belted in, and the helicopter lift up and over the canal to Clayton, leaving us a couple of blocks from the safe house. In the course of the next couple hours, the two leaders of human rights groups arrived as did Ford's wife; military personnel came to tape messages; finally we all gave a sigh of relief when Ricardo's wife and daughter arrived. The daughter was very helpful because there was some drafting to do, and she could type pretty efficiently in both English and Spanish. The military was very accommodating. Several Panamanian flags had been arranged as a nice backstop for the swearing ceremony. Supplies and typewriters were available. One bedroom was set up for recording. I talked a couple of times with Washington. I talked at least once with the embassy; all the Marines and several embassy officers were there. I told the Marine Sargent to double check all their security procedures. I talked frequently with Thurman or his headquarters; they reported no unusual activity on the part of the Guard. Secrecy seemed to be holding.

Somewhat before 12:00 I suggested we go ahead with the ceremony as the participants, witnesses, and photographers were all there. I was trying to complete the ceremony before midnight because I had in mind that it would be nice if they were not sworn in on the same date as the military operation. About a quarter of 12:00 they were sworn into office in a short simple ceremony. Not long after 12:00 Thurman called me and said, “John, the forces are in position over Rio Hato [a base about 100 kilometers outside Panama City where the Machos had their headquarters]. They report that troops are leaving the

barracks and deploying along the airstrip." Of course there's nothing paratroopers like less than to jump into people on the ground shooting at them. Thurman said, "We're ready. Can we launch early?" I said, "If they're ready, we have a government, and we'd better do it before they put any more shooters on the runway. Do we need Washington approval?" He said, "We'll never go early if we consult. It's your call." I said, "Go," thinking what an example of the military respecting civilian control. Immediately, I could hear voices in the background yelling the commands launch and go. Apparently Thurman had signaled with his arm or I was on a speaker because I did not hear him say anything. A few days later I learned that within a minute of the launch command the first 82nd Airborne soldier that stood in the door of the plane to jump took a bullet in the forehead, our first killed in action. It was a lucky shot that one of the Machos got off. Our soldiers jumped from a low altitude, began firing in the air, and made quick work of the Machos. Many fled; many surrendered; some were foolish and dead. We had few casualties at Rio Hato.

Q: How many soldiers were killed in the entire operation?

BUSHNELL: I think we had 22 or 23 American military killed, about half that first night and the rest in various incidents over the next few days. There were quite a few American soldiers wounded. At least three American civilians were killed.

Q: Of course, the military side of the story is pretty well documented. Any summary comments?

BUSHNELL: It was a brilliant plan, making full use of our technology and airlift. This was the first time this sort of sudden overwhelming force using all the modern transportation and gadgetry was brought to bear on a situation. Just Cause, as it was renamed, turned out to be a dry run for what we later did on a much larger scale in Kuwait/Iraq. All the main units of the Guard in the Panama City area and out over 100 kilometers were engaged at the same time. Although quite a few individual troops managed to slip away, the bulk of the Guard surrendered, was destroyed, or was pinned down and surrounded long before

daybreak. Over the next few days the massive show of force convinced the Guard units in more remote areas, such as the Costa Rican border, to surrender. By attacking all the units at once we even made it difficult for Noriega's forces to implement their fall-back plan of going into the mountains where they had prepositioned supplies and equipment to wage guerrilla war.

Q: I guess the operation took over the television and radio studios so Noriega wouldn't be able to get his message out?

BUSHNELL: No, Noriega fooled us on radio. Television broadcasting stopped; in most areas Panamanians, who had electric power, could get news from US Armed Forces TV which was broadcast from the bases as it had been for years. Also the well-to-do had cable or satellite services and could get US and Venezuelan channels. The poor depend on radio. What I learned only as Noriega supporters and even Noriega himself kept broadcasting was that all Panamanian radio stations had been linked by an automatic system designed to permit Noriega or others to have their speeches carried over all stations. By accessing any point in this network Noriega supporters could broadcast on any radio station that would function. In the middle of the night a few hours after the operation had begun Noriega managed to phone in a strong message urging his supporters “to fight to the end.” It was rebroadcast over and over together with messages, mainly from digbats, attacking the U.S. and the new government and giving instructions, such as that it was time to die for the country and kill Americans and traitorreferring to the new leaders.

Beginning early Wednesday morning Arias Calderon's wife and daughter manned the battery-powered radio in the safe house. They would report that Noriega's people were on a certain frequency. I would call Thurman or his command center. The source of the broadcast would be located, and in an hour or so it would be off the air. However, the ladies would soon be reporting that Noriega was now on a different frequency. We went through this cycle several times, although Thurman had experts working the problem

directly so they often had the new station located even before I called. But we did not seem to know how to disable the overall system. In early afternoon Thurman called to say the broadcast currently was from a tower on top of a big building not far from the embassy where there were several broadcast antennas; a helicopter gunship was overhead, but there were lots of people in the streets all around the building, and sufficient rocket firing to destroy the broadcast antennas would probably result in many casualties. I asked about sending soldiers on the ground. Thurman said working up such a tall building could be the worst of urban warfare. I suggested a ground force merely cut off the power in the building, which was done within 45 minutes. There were tens of radio stations in Panama, and it was evening before this dance ended.

Although I had thought in my mind, probably unrealistically, that, after I got the leaders settled on Clayton, I could leave for awhile, hopefully to make a quick late appearance at Ed O'Donnell's going-away party or at least to check in on the embassy. However, there was too much to do at the safe house and lots of phone calls from SouthCom and Washington so it was soon too late for the reception. Moreover, I found that my two SY agents were more than fully occupied getting our people in the gatthe base was shut dowand coordinating the defense of the safe house with our security force, the leaders' body guards, and the military assignesome to guard the safe house but most for general base security. None of these security people knew what was going to happen, but they knew the leaders would be a potential target for Noriega. My guys knew that it was important that if anything happened things better be in position so our friends do not fire at each other and concentrate on potential attackers. Also Endara and the VPs were very nervous; they were taking a big chance getting sworn before our military operation was successful. I needed to support them in standing up and saying that they were in charge of the country against people who'd rather shoot them than not.

Q: Then how did you let your staff know?

BUSHNELL: I didn't let the staff know before launch. The staff found out as they saw the war break out around them. I explained the nature and extent of the operation to some of them in the embassy over the phone as the night progressed.

Q: They learned from the radio?

BUSHNELL: No. Most learned from what they heard and saw. The fires in the area of Noriega's headquarters could be seen throughout the city. One heard aircraft continually overhead. All night there was periodic shooting in many parts of the city. Loud explosions and attacks by the Spectre gunships were heard by everyone. For example, my secretary lived in a big apartment building which overlooked the small in-town airfield. We planned to disable this airstrip so Noriega and his friends could not get to one of their planes and leave the country or go to a remote hide-out. Awakened by the aircraft and the explosions from the headquarters area, my secretary looked out her window and saw the Seals coming ashore at the end of the runway. She was not sure who they were, of course. As these armed men came down the runway, a couple of armored personnel carriers came racing on to the runway firing. One of the nastiest fights of the operation took place before her eyes. I learned later that the invading force made a big mistake. Their plan called for setting up a recoilless rifle, really a cannon, at the end of the runway where they came ashore to cover their advance. When they landed, they didn't see anybody; they didn't set up the gun, and they advanced quickly down the field to secure the aircraft. When they got about halfway down the field, the armored vehicles pull into the field attacking them. They did not have a good weapon to use against armor. I think we lost six men besides numerous wounded before they disabled the vehicles and called in a A-130 gunship to finish them off.

Q: For your secretary it was like being in a grandstand at a football field.

BUSHNELL: She was not that close to the action, but an adequate view considering it was night and little is clear in the fog of war. Her explanation from seeing it was not nearly

as clear as what I got from the after-action briefing. A majority of American embassy employees who were in-country were in the embassy. The Army attach# got some sense that something was going on. He didn't get told anything, but he had work to do. When he heard the Marines were all aboard, he stayed. Several people at the station were there. They told me they had not gotten notice, but I think at the last minute CIA headquarters had gotten them to the embassy on one pretext or another. Some of the staff who were at the going-away party went back to the embassy, perhaps to see the rumored visitor or perhaps just to pick something up and see if there were any developments in the tense situation. Thus only a handful of people, 8 to 10, were actually in their apartments when the attack started.

Since we were on a base, I felt quite secure, especially as I was confident none of the Guard or digbats would know where the new government was at least for that first night. However, my security detail thought security was a problem because we were close to Panama City and only a couple of blocks from the safe house there was a swampy and overgrown ravine along the edge of the base through which an attacking force might come. A couple of my Panamanian security guys went into the ravine and found trails which could be used to approach us; the base MPs were not aware of these trails. Thus a considerable security operation was put in place. There were only a few shots fired that night, mainly by our side, but the next night, by which time our location might well have been determined by Noriega's folks, snappers of some sort did try to come through the ravine. Several times our side opened fire, and they reported some return fire.

The military operation was very successful in taking down the main force units. However, no operation was targeted on the digbats or the intelligence operators who lived at home. Within minutes of the attack starting these irregular forces moved into the streets in small, fairly disorganized, groups. Many had established orders or plans such as to attack the embassy, to take certain hostages, to attack the canal locks with mortars, to disrupt transportation and communication. Many had their own agendas such as stealing TVs

or new cars. In general they stayed out of the way of our military units although they provoked a few fire fights with much more damage to them than to our forces.

As soon as we heard loud explosions and heavy weapons fire, I called the embassy. I told the Administrative officer a large scale attack was underway and he should have the Marines secure the embassy and turn off the lights, inside and out . He told me they had just heard DEFCON Delta, the highest possible alert, announced on the Southern Command radio network. Soon after that call we lost power in the area of the safe house. I had frequent phone contact with SouthCom headquarters, but the occasional reports were just that things were going well, but within a couple hours they told me Noriega was not at the mistress' house in Colon. Although the embassy could have contacted me through our car radios, I was not called. About 2:00 Ptime was racing for mI called the embassy again and learned the embassy had been attacked with heavy weapons. I learned later with recoilless rifle rounds. I was told no one was hurt, the Marines had fired tear gas, and the attackers had departed although firing fairly close by could be heard in the embassy. The embassy had been told a military force was on its way, but it had not yet arrived. I didn't realize how extensive the attack on the embassy had been for a couple of days nor how concerned some of the people in the embassy had been.

Q: What happened at the embassy?

Less than an hour after the attack was launched, the first three or four RPG rounds hit the embassy. A Marine was in the ambassador's office when it was hit. He was knocked down and shocked. He quickly realized that he was not seriously hurt but there was glass and debris everywhere and a couple of fires starting. Every window in the ambassador's suite was shattered. The Marine knew where the fire extinguishers were and was putting the fires out as other Marines arrived to help. Everyone except the Marines and military officers immediately went into the secure communication area. Within 15 minutes a couple of more rounds hit the embassy. One passed through the outside wall and an inside wall into the DCM's office leaving a hole just above the DCM's chair. No one had been using

that office since I used the ambassador's office, but, if someone had been sitting in that chair, he/she would not have had a chance. It appeared the attackers aimed mainly at the area of the ambassador's office. I assumed it was a preplanned operation and I may have been one of the targets. The Marines saw individuals with radios near the embassy fence and fired tear gas driving them away. It was 4:20 AM before military forces arrived to set up protective positions around the embassy. There was never an attempt to storm the embassy; although reports are confusing, I do not believe anyone got inside the embassy fence. The biggest danger was from fire because the embassy was an old building, a real fire trap.

Q: Did you work all night?

BUSHNELL: Once the attack was well underway, I encouraged the new leaders to get some rest because it would be important for them to be fresh to organize and staff their government and to contact friendly countries first thing in the morning. Sometime around 3:00 I found a place to lay dowall bedrooms were occupied by the new leaders and their familieand tried to get a little sleep. Within an hour Thurman needed to speak with me. All the sites Noriega frequented had been searched. He was not found, and his voice was on the radio obviously recorded post attack. In short he was organizing the resistance, either urban groups such as the digbats or a rural guerrilla operation. Since most of the main Guard forces had been taken care of and even quite a few senior officers already captured, I thought it was more likely Noriega would just try to escape. Thurman said his forces had already closed the bridges over the canal and had road blocks on all the main roads out of the canal area. I said he would probably seek asylum in a friendly embassy. Such political asylum is a long Latin American tradition on which they even have a treaty arrangement. I figured the only likely candidates to take Noriega given the OAS resolutions against him were his good friends the Cubans, Nicaraguans, and Libyans. Thurman said we cannot go into embassies because of their diplomatic immunity. Right. But, I said, we could occupy all the streets around these three embassies and search every vehicle entering to make sure Noriega is not escaping. Thurman said, “Done.” I commented he

should warn our forces that Noriega would probably be is disguise; my best guess was as a nun. The issues of diplomatic immunity became an hourly headache for me over the next several days.

Today's US military is amazing in many ways; I learned not to be surprised. However, I was surprised first thing that Wednesday morning to learn that among the many incoming planes, every military air asset, was a plane load of reporters. Various reporters were designated to go with the military into combat. They had been notified just Tuesday afternoon and told where to get on a plane that evening. They could not report that they were going. I think Just Cause was actually the first time for this press operation involving real combat. Thurman sent the press to the base where I was. I think he didn't have time to talk with them yet and thought it would be good if the articulate new government talked with them. However, Endara and the others were adamant that they would not talk with the press until they were on regular Panamanian territory, i.e. not on a US military base. Moreover, they wanted to talk with the Panamanian press first or at least at the same time. I understood their position, and I agreed it was undesirable for them to appear to be puppets of the United States; they had, after all, been elected by the people of Panama. The SouthCom public affairs officers were desperate. The situation was still too dangerous to allow the reporters off the base; our senior military officers were too busy to talk. They had 40 or 50 tired reporters desperate for a story, and they said please give them the story that there is a new government and the background on the military operation. I said, “I can go down the hill and talk to them; I'm here and available. It's better than nobody.” My two DS guys went down to check the briefing facility while I washed my face and tried to get my clothes looking decent. I was still in the same shirt and suit I had worn the previous day. While they were down the hill close to the canal, mortar rounds started hitting the base not far from where we were. The two DS officers came back covered with dirt from head to toe. A mortar had hit a few yards from them. Thurman was on the phone so I strongly suggested action to stop the mortar attack. He said they were working it, but mortars are impossible to triangulate. He said not to worry mortars are not accurate. Good,

I would only be killed by bad luck. As I briefed the press, a couple more mortar shells hit in the general area. The press was not very interested in the background or in hearing about the new government; they wanted to get to the front and see the fighting or at least get away from these incoming mortar shells. Probably fortunately for me CNN was not yet set up to carry such briefings live. Later they had General Thurman's briefings live. He did say nice things about me.

Q: I guess you had quite a trying time throughout that first day beginning with the mortars and the press?

BUSHNELL: Yes. There was one crisis after another and many problems to work simultaneously. A gunship soon found the mortars. Groups of the press were taken to areas where the Guard had surrendered. The most time consuming problem that first day was working to get support from other Latin American countries or at least to moderate their opposition to the operation. Endara and Arias Calderon began working the phones early to their Latin friends, explaining this was not a US invasion but the facilitation of Panamanian democracy. They asked other presidents to recognize their government and to support their representatives in the UN and the OAS. Unfortunately the first day we had only one satellite telephone so they had to take turns. The military did get a couple of land lines working in the house, but it was hard to get international connections.

I had asked SouthCom for communications to keep me in touch with the State Department. Two communicators arrived in the course of the night who provided me secure lines to State and to SouthCom, but not to the embassy. They stayed with me every minute for the next two weeks. Since there was a lot of activity in the safe house, I would go into the backyard to talk on the secure phone. Washington needed help at both the OAS and UN where Cuba, Nicaragua, and other countries were attacking our action as well as with individual countries such as Venezuela and Peru. In the early morning I told the new government it needed a Foreign Minister and ambassadors to the UN and OAS, like now. They picked a foreign minister and called him on the telephone; then I sent

a couple of people to pick him and his wife up and add them to our group. He too worked the phones. In the course of the morning they also picked representatives to the OAS and UN. As I recall, we dictated the diplomatic notes appointing these representatives over the phone to the task force at State, which typed them up and delivered them, following up phone calls by Endara to the Secretary Generals. They picked someone already in the U.S. for the OAS; thus the new government was speaking in the OAS by afternoon on the basis of instructions from Endara over our single satellite phone. During Wednesday the half dozen Panamanians working in the safe house made up the entire government of Panama. They kept recording messages for the radio station our military was running for them. I kept them informed of what we were doing on such issues as Noriega radio stations, road blocks, and cutting off difficult embassies; they approved and made useful suggestions based on their knowledge of Panama, which, of course, was much better than all us Americans put together. They called their supporters for clues on Noriega's whereabouts. I would relay clues to SouthCom, and some military unit would check them out. This process continued for over three days.

The State Task Force was doing hourly sitreps, so I tried to talk with Washington hourly to bring them up to date on what the new government was doing, what I was hearing from SouthCom, and how we were progressing on such operations as stopping Noriega's radio, finding him, and later cordoning off the three potential problem embassies.

Q: That sitrep just goes to one individual?

BUSHNELL: Oh, no, it goes to the Secretary and all the principals, to the White House, probably other agencies, and throughout ARA. After the first day the sitreps were only done two or three times a day.

Q: So who was your main contact, Bernie Aronson ?

BUSHNELL: This task force was manned 24 hours a day. Dick Wyrough, the Panama country director, was usually there. Mike Kozak was there much of the time until he came

to Panama after Christmas. The first day Bernie was there some of the time; later I could be patched to him in his office or at home.

Q: Presumably the military was doing the military actions.

BUSHNELL: Yes. As various Panama National Guard units surrendered, the soldiers were moved to an open air prison on the other side of the canal. All three of the leaders were eager to get established on Panamanian territory not covered by a base agreement. I pointed out that they would be a target for any remaining Noriega opposition. Fire fights continued one place or another all day Wednesday. The question was where could the government be established that our forces could fully secure. In late afternoon Thurman paid a visit to the safe house. He briefed the government on the military situation and asked them to call one or two Guard units to encourage them to surrender. I then raised the issue of getting the government set up in Panama City. Thurman's aides produced a detailed city map, and he asked where do you suggest. I said it would be best to be close to a base which would facilitate security and other support. Ricardo said the Congress (Assembly) building would do; privately he told me he also wanted to block Noriega Congressmen from occupying the building and trying to be an alternative government. The building was only three or four block from Gorges, the US military hospital, which was the beginning of a base area. Thurman said he was getting reports that many buildings had been booby-trapped. However, he would have the National Assembly building checked and secured so we could move there the next daThursday. Endara urged that we move first thing in the morning. I suggested the guideline should be as soon as it was safe.

That night intense firing and air activity continued all night, including a good deal of firing by our security just down the hill at the edge of Fort Clayton. Thurman had given us another couple of houses for our growing group, and I got a bed and some sleep for a few hours interrupted by two or three nearby firing incidents. In the morning I tried to get the Panamanian leaders to focus on additional cabinet appointments between international phone calls trying to get recognition, but their main interest was how soon they could

move to the Assembly building. They quickly organized a formal swearing ceremony with speeches and the press, but I could not give them a firm time until Thurman told me the building was secure. Finally in late morning Thurman gave the go ahead, and a couple of military vehicles with machine guns mounted arrived to escort my convoy of embassy vehicles to the Assembly. I stood in the back to watch the enthusiastic crowd of supports and job seekers, many were both, cheer the three leaders through the ceremony and speeches in front of many TV cameras. Meeting with their supporters and the press invigorated the leaders even though we were all getting bone tired.

Security was, of course, a major consideration. The military had troops stationed on all sides of the Assembly building, and only people cleared by the new leaders' now expanded security detail were allowed in after a search to remove any weapons. However, the leaders would need to commute back and forth to the base living quarters and visit other sites. When I raised personal security for the President and VPs with Thurman, he said he thought State should provide it because it would look bad to have a lot of US military around them all the time. He said he could provide area security and have our air and other assets closely linked with State security to provide backup. Military radios had already been supplied to my DS escorts. I consulted Washington on what we could do for security. Initially ARA thought DS could provide security at least for the President, but Kozak soon informed me that DS [the Diplomatic Security Bureau] pointed out it would be against our law for DS to provide security overseas for anyone but State personnel. Kozak got agreement that DS would provide increased security for me and those with me and vehicles in any convoy moving with me, but DS could not go beyond that. OK, I explained the situation to my friends and said we best all stick together. I thought DS would fly in some additional DS agents to help, but none ever arrived.

Thursday afternoon Endara and Calderon wanted to call on the Papal Nuncio [the Pope's ambassador], who had just that morning returned from vacation in his native Spain courtesy of the US Air Force from Miami. The Washington Task Force had received a request for such transport from Panamanian civic leaders in Miami. Many such requests

were received and postponed, but the task force asked me about the Nuncio; I checked with my three special friends who very much wanted him back because he would confer legitimacy on them on the basis of the church's informal vote count. I said send him, never expecting him to play a key role in the unfolding drama. I delayed the visit to the Nuncio to do it on our way back to the base. My DS agents insisted that we be back on the base before dark. Endara and the Nuncio insisted that I join the meeting, although I felt like the odd man out as they discussed how the Nuncio would support them and release the church's informal election results.

Q: What were you hearing from Washington about embassy staffing?

BUSHNELL: Sometime during Thursday before the visit to the Nuncio, ARA assistant Secretary Bernie Aronson had asked to speak to me on the secure phone which went everywhere with me. He told me arrangements were being made to send Ambassador Arthur Davis, a political appointee, back to Panama, probably the next morning. As I mentioned, Davis had been withdrawn in May as part of our protest at Noriega stopping the vote counting. He had been on consultations in Washington for all this time; he told me he was eager to get back to see his many friends in Panama. Aronson went on to say that he and Baker looked to me to continue to run things in Panama, where I was doing a great job. He said I should consider Davis' return just a protocol matter and he would be in Panama only about a week. He went on that they were beginning the paperwork to name me ambassador; he said Congress was out so it would be a recess appointment. I would have to get the papers done quickly. If I had not been processing major events continuously for a few days, I would have been floored by Bernie's phone call. But I think I just said that's great, and commented that I would welcome Davis' early return because he could give the embassy staff attention and get the embassy fully up and running, to which I had not had time to give attention, leaving me free to continue working with the new government and our military. Later when I had a little time to think, I wondered if it was a good idea for me to stay in Panama. My experience was that after a crisis situation a change in personnel is best. The future US relationship with Panama should not be

based on the fact that we made it possible for this government to take office but on a real cooperation on common interests. However, personally I was delighted to get any chief of mission job, especially when I had recently been without a real job for so long and was facing retirement because of time in grade.

When we got back to the base Thursday evening, the military sent up hot dinners for everyone. It was a good change from cold field rations. We worked the phones well into the evening; the night was calmer with little shooting although still much aircraft noise overhead, and I got a good night's sleep.

Q: What was the biggest problem you were working on at that time?

BUSHNELL: By Thursday afternoon and evening the biggest problem, other than not having Noriega, was establishing some law and order in the city. The Panamanian police force had been an integral part of the Guard. Many officers moved from Guard to police assignments and back as did some lower ranking personnel, although many of those directing traffic and chasing the pickpockets did police work most or all their careers. With the attack, police had disappeared from the streets. The digbats and common thugs, and it was hard to tell the difference, had taken over the streets. Leaders would break into a store or factory, steal the money and some other valuables, and then invite the general street population to help themselves. The US military did not want and was not equipped for a policing function. The military had limited Spanish speaking capability; their weapons were too deadly; we did not really want our soldiers shooting kids who seemed to be stealing groceries. My plan before the operation was that those Guard who normally performed police functions would be retained. Few, if any, of them were involved in Noriega's drug business or dirty tricks. I proposed this to the new leaders. In their division of responsibility Arias Calderon had justice, security, and the Guard; Ford concentrated on economic matters; Endara focused on foreign and political affairs. It was a good division of responsibility. Keep in mind that during the first few days there was no depth to support any of them.

Ricardo was reluctant to give the old police continued powers, fearing they would try to give power back to Noriega or his associates. I said I would try to work out an arrangement for the Guard police to work together with our MPs, who would be heavily armed, while we did not need to give guns to the Panamanian police. Ricardo and then Thurman agreed to this plan. Ricardo recorded radio announcements inviting those who had had police duties to report the next morning to the traffic licensing building to be sworn in as agents of the new government and return to police work. Everyone tried to get in touch with retired police officers, Guard officers fired by Noriega, and officers in whom the new leaders had confidence to establish an officer cadre for this reconstituted police force. I found CIA had already returned a couple of fired officers from Miami, and I asked to have them report to the temporary police headquarters.

Q: OK, we are up to Friday the third day after the attack; what major development were there that day?

BUSHNELL: No major developments, but it was a very exciting day for me personally. In the morning we proceeded right after breakfast to the Assemby building. Our convoy was just civilian vehicles as Thurman had sent escorts only for our first trip the previous day. As we came along the roads into the main business sector, we saw virtually a solid stream of people, men and women, walking away from town carrying as much as they coultelevisions, plumbing fixtures, boxes, bags, even two men carrying a refrigerator. The main shops had been completely looted. After the dust settled, businessmen claimed that hundreds of millions worth of stock had been stolen. In the main shopping street the stores were all completely cleaned out. But elsewhere I learned later guards and owners had often resisted the looters using firearms which were prevalent in Panama. In quite a few cases looters were wounded or killed, and much less damage was done to the upper-class shopping area and to businesses in the suburbs. There may have been as many people killed in these Panamanian fights, largely over property, as were killed by the US troops. As we passed these looters, Ricardo, who was riding with me, said he would like to go

to the traffic license building before long and see how the new police were being sworn, meet with potential police leaders, and discuss plans to deploy the joint patrols. I said I would join him in part because that was the only way I could provide him security and in part because I saw getting law enforcement back on the streets as essential. Moreover, I wanted to check if Thurman had provided the strong protection for the recruitment area he had promised, as I considered it a prime target for any remaining Noriega resistance. If we could get police back on the street, the new government would gain credibility and Noriega, wherever he was hiding, would be finished.

In the middle of the morning General Thurman stopped by the Assembly, and I met with him outside in an open courtyard that was close to the office I was using. The new leaders were busy trying to staff their government on the phones and even talking with some job candidates who came to their offices. Suddenly there was what sounded to me like a great deal of shooting very close to us. My DS agents physically pushed me into the building as I saw Thurman out of the corner of my eye pull out his pistol and run toward the shooting. A car with two or three young men, who must have been drunk or on drugs, had driven through one of the roadblocks guarding the Assemby building firing automatic weapons at the US military. The intense shooting did not last long; the men were killed, and no US military was seriously hurt. Once I was inside the DS agents produced a flak jacket from somewhere and suggested I put it on; they pointed out Thurman was wearing a protective jacket. Someone about then began shooting at the Assemby building from a nearby building, so I slipped on the jacket even though it was the old stylheavy and hot.

Once things had calmed down and I had reported the incident to the task force in Washington, I met with the three leaders to assure them adequate security was in place. Ricardo reminded me we were going to see how the new police force was doing. We got in my car and proceeded behind my advance car with my follow cars behind and also a vehicle with Ricardo's security men. Just as we entered the last long block before the turn into the Traffic building, heavy firing erupted from both sides of the road. I saw muzzle flashes and heard bullets hit the car, which was a fully reinforced (armored) vehicle. I

remembered my training from the ambassador's preparation course, and I pushed Ricardo down and moved close to the floor myself. There were just the two of us in the backseat with my driver and a DS agent, Patrick O'Boyle, in front. Everyone had been well-trained and did exactly what they were supposed to do. The entire convoy accelerated and turned into the Traffic building at significant speed with bullets still pinging and glass shattering above us. I was later told both my Panamanian security men and Ricardo's in the follow cars returned fire.

A brave US Army Sargent exposed himself to fire to direct us to a stopping place while yelling for his men to lay down covering fire. We pulled up to an entrance, and Pat O'Boyle yelled, “Run your fastest into the building” I jumped out of the car and ran toward the door 30 or 40 feet away with Pat running between me and the incoming fire. As I crossed this space, something hit me in the stomach area and spun me part way around. I thought I would fall, but I managed to keep going awkwardly. By great good fortune I had been so busy that I had not taken the flak jacket off. I had been hit by a bullet, perhaps a ricochet. Once inside, I saw the rip mark on the jacket. My rib area hurt, but no blood had been drawn. Ricardo and my agents were unhurt, although two of his security men were seriously hurt. One fully recovered. I arranged for the other to be medevaced to the United States, and he lived but was permanently crippled.

Inside we were in the waiting room for those getting driver licenses, with the entire back of the room the counters for the clerks. It was soon clear we were in the midst of a real attack, not just an attempted ambush of my convoy. Rocket-propelled grenades, mortar shells, and automatic weapons fire were hitting the building not far from us. Pat and his colleague, Timothy Walsh, said we should get to the back of the building and asked if Ricardo and I could climb over the seven foot high counter wall as there did not seem to be a door. You never saw a couple of middle-aged plus desk workers get over a tough barrier quicker! In a room to the back of the building we found about ten former Guard officers and a couple of dozen Guard police. Ricardo and I encouraged them to get a police force organized, and I promised joint patrols with our military. One exiled colonel,

whom I knew, begged for arms so his group there could counterattack the group attacking us, but I had to say leave this fighting to the US troops. It was not an auspicious beginning, organizing a new police force under heavy weapons fire.

I was soon on a radio to Thurman in his command center. He told me we had gunships overhead but the attack was coming from the other side of the road which was in effect the backyards of base housing; families with small children were in the nearby houses and some American kids were even in the yards; it was too risky to lay down the devastating fire gunships provide. After awhile Thurman said two of his aides had volunteered to take his car, which was also fully armored, with Army backup and come down the hill to pick us up. We were less than a mile from Thurman's headquarters as the crow flies. When they arrived, Ricardo, my two DS agents, and I set another speed record running to the car which was flanked by Army vehicles with mounted machine guns which opened fire as we emerged from the building. That run was noisy, but not dangerous. We were quickly driven up the hill to the tunnel and went in to see Thurman. Ricardo may have been the first Panamanian ever in the top secret bunker SouthCom command center, at least while it was in full operation. Ricardo sat at the command table in the same chair I had used on Sunday morning for our long discussions with General Powell and Secretary Cheney. General Cisneros was on the phone with the commanders of Guard units along the Costa Rican border, urging them to surrender. We got Ricardo on the phone to them promising at least lower-ranking jobs in the new police force to help negotiate the surrender, which came that afternoon.

The tunnel was hot, and I took off my now precious flak jacket. When I went to leave, it was gone. All I had to show for my close call was a little bruise which was gone in a week. Later I put O'Boyle and Walsh in for the Foreign Service Award for Valor, which they received a year or more later. The next day the two of them went back to recover the car and counted, best they could, the number of bullet impacts. They figured about 80, not counting the windows. Although the windows had a supposedly bullet-proof protective layer, all but the front window had been completely shattered. Thurman insisted I use his

car; he said he preferred to ride in a jeep like a proper general. As Ambassador Davis had returned that morning and was using his car, the only other armored vehicle the embassy had, I used Thurman's car for a few days until DS arranged for the military to fly in a replacement car for me. After that incident Thurman assigned a military vehicle with a mounted machine gun to follow me everywher24-7, and we had no more such security incidents, although it was spooky crossing the city at night to meet with Thurman and particularly returning late when a gunship followed us for additional security. About Christmas my security guys found two of Noriega's armored cars which we added to our convoy for the new leaders, and we were not so crowded in my car.

Q: Did you also get an award for valor or something?

BUSHNELL: No, there was no more senior State officer in Panama to put me in for such an award, and I don't believe I even reported it to the task force at the time; there was too much else to do. The rest of Friday and Saturday was relatively uneventful. In addition to getting joint policing patrols organized, we began to address the issue of getting the economy back toward normal. On Friday and Saturday two of the major problems were getting fresh food from the countryside coming into the city before people were starving and handling the homeless. It was not too much of a problem to allow the trucks with food through our road blocks into the city, but the trucks would not come unless they could go back. We were determined not to let Noriega get to a rural area if we could prevent it, and a full search of every truck was very time consuming. The lines of waiting trucks were endless. I got some roadblocks moved further out so goods could come in from the suburbs where there were warehouses, but the food situation was getting difficult by Sunday when Noriega appeared and most road blocks were ended. By Friday we decided to reopen the canal, although most shipowners would not let their ships go through until they had assurances of security which we could not yet provide. Once Noriega appeared ship owners had more confidence. Another big immediate problem was the many homeless displaced by the major fires that destroyed many blocks of low-income housing near Noriega's headquarters. Few people had been killed in the fires, but

thousands were homeless. We organized a tent camp in the main baseball stadium, and our military began feeding the homeless who soon numbered at least 15,000.

The new government was eager to get a friendly newspaper on the street. Noriega had taken one newspaper with its own printing plant from the family, supporters of Endara, who had owned it for generations. On Friday I arranged for a substantial US military unit to accompany members of the family and numerous Endara political supporters to reclaim the newspaper. Apparently the plant was not seriously damaged, because they had a paper on the street on Saturday. Gradually, normal conditions were being restored. New prison directors were appointed, but many prisoners had escaped during the attack, adding to the problems on the streets. Prisoners were urged to return voluntarily to avoid additional time. There was no garbage collection, which was a real problem in the tropics. The civic action military group contracted for private trucks to collect garbage, paying by the truck load. In a modern economy there are a tremendous number of things that need to function smoothly; warfare disrupts, and getting things back toward normal is a big undertaking.

By Saturday we were into the Christmas holidays; Christmas was Monday. Our military were rapidly checking out the buildings of various ministries so Endara could call for the return of employees right after Christmas. Our military teams would go office by office through the ministry buildings deactivating the many bobby traps. The President's office was in the oldest part of the city with narrow streets where Thurman said he never wanted to send his forces. However, the small Foreign Ministry building was in a middle-class business section, and we decided to move the senior government leaders there because the offices were more appropriate, there were many more phone lines, and security for a smaller building would be easier. I recall we were there on Christmas because Secretary Cheney visited that day and came to call on the new government there. About a day after we moved to the Foreign Ministry, someone began firing at us from the bell tower of a church about a block away. By that time Thurman had set up a civil action unit headed by General Gann to provide help in getting the government established and the economy

working and to do the detailed liaison with me and the government. This group was headquartered in a building next door. My agents wisely made us use a back door to the Foreign Ministry to avoid the sniper and to run from cars to building. The first day the military said they had tasked a combat unit to take care of the sniper, but he was still pinging through our windows the next day. The combat unit had not found anyone in the church. My in-person complaint to the military was just as the sniper hit the gas tank of one of their vehicles. It didn't explode, but the vehicle was disabled. A Marine major looked around and asked who was with him to take care of the sniper. Several senior officers gathered M-16s and other weapons and went to church. Later they said we could use the front door.

Another difficult problem during the first few days which required all my diplomatic skills and patience was getting the three new leaders to agreed on individuals for the many government positions that needed to be filled to get the government working. Remember these three people, the President and two Vice Presidents, were each the head of a major political party, and all three parties had been out of power for a long time. Despite my urging over the previous weeks, they had reached no agreement on who would be in the cabinet or other senior positions. Every position had to be negotiated, not only as to which party would get it, but then who. Each proposed candidate had to be acceptable to the other two partners or there had to be a deal, usually a three-way deal. In the best of circumstances governing with a three party coalition is messy. In this case we needed quick decisions. Moreover, many people were not willing to take a position in the new government at such short notice and in such an insecure situation. A deal would come apart when some candidate who was finally agreed by all three turned down the offer. My role, and I had to raise my voice more than once, was not to urge or veto any particular appointment but to press the three to make quick decisions so the government could get functioning and our forces could go home.

Q: This is Thursday, December 10th, 1998.. Last time we covered the period up to Christmas 1989, but we did not deal with Noriega who was on the run. Despite your

explanations, I remain utterly baffled about the character of Noriega and changing US attitudes toward him. Once he was a staunch US ally. He remained on the CIA payroll apparently for years after the US government discovered he was helping the drug lords. How do you explain that?

BUSHNELL: I don't think Noriega was ever an ally of the United States. If you are in the intelligence business and you want to get information about scoundrels, the main place to look is other scoundrels. This talk about his being on the CIA payroll is misleading, but he was paid for information. At first he was paid as an individual; later he was paid for cooperation while for many years he was the head of intelligence in Panama. Noriega developed a large intelligence system which reached well beyond Panama, and he provided reliable information on things beyond Panama to the United States. He knew more about scoundrels in Panama, of whom there are many, than anybody else and sold this information to other intelligence agencies, not just the United States. Of course he doctored what he sold to others to protect his operations and his friends. I think the best way to look at Noriega is that he was always an intelligence operator, double, triple, quadruple agent, playing his games and making his way up quickly through the military in Panama.

After Torrijos' death he was not immediately a contender for the top spot in anybody's view but his own. It was only after several other officers had the top job but encountered various sorts of problems, some of which people think Noriega had a role in causinI don't really knothat he, more by default than anything else as the last senior guy around, moved into the top position in the Panamanian military. Then he proceeded to consolidate his position with the advantage of his many years of intelligence operations and dirty tricks. It was his background in intelligence which gave him entree to the drug cartel, to the Cubans, to the Sandinistas in Nicaragua, to the CIA. His many years of developing his contacts and information exchanges with people all through the hemisphere served him well when he

moved into the top job in Panama and increasingly into the hands, or at least acting as though he was in the hands, of the drug cartel.

Q: Anyway, Noriega had a precipitous fall from grace after Bush was elected. Was that sharp deterioration of his image in Washington because his performance was that much more outrageous, or did it have to do with the change of administration and different attitudes of different people?

BUSHNELL: It was not the result of a change in US administration. There was a cumulative effect as he took more and more dictatorial actions and as his links with the drug lords became both greater and clearer to us. During its last two years the Reagan Administration worked hard to get Noriega out of Panama once it was clear he would not separate his government from the Colombian drug loads. As I mentioned earlier, I had no success in late 1981 and early 1982, while in over-complement status, in getting Enders and Haig to devote some effort to building up what would have been reasonable alternatives to Noriega. Recently I learned Casey and Dewey Clarridge during that period were strengthening the CIA relationship with Noriega which was weakened during the Carter Administration. Of course the focus of Washington during 1981 and 1982 was on Nicaragua and El Salvador, and Noriega probably was helpful on these issues while using increased US support to advance his power quest at home. At this point he and Panama were minor factors in the drug business, and the USG thought he was largely on our side. For a long time there had been reports that Panama was being used for drug money laundering and for the movement of drugs. It was only in the mid-1980's that Noriega greatly expanded the Panama drug business and these reports became more credible and the reported volumes became much larger. Then the Reagan Administration had to go through the process of learning that Noriega would not really work against the drug lords and that he was himself at the heart of the Panama drug problem. By 1987, as the Federal court in Florida was preparing his indictment, the Reagan Administration realized

that Noriega himself was personally responsible for killing American kids in the streets with drugs.

Q: If the Reagan Administration saw what a problem Noriega was, what did it do about it?

BUSHNELL: There was a major effort bilaterally, with a few others such as the Venezuelans, and finally through the OAS and economic sanctions, to try to get him out. For many months Kozak and others tried to negotiate, as they put it, a golden bridge that would permit Noriega to live in a European city and benefit from his money without US efforts to extradite him if he would just have free elections and leave. These efforts involving a deal were of course not public. Thus by the middle of 1989, on the one hand it was increasingly clear no diplomatic option was working, while on the other hand there was increasing evidence of Noriega's anti-democratic and murderous actions and his assistance to massive money laundering and large scale drug smuggling. Moreover, it was increasingly clear that we would be endangering the smooth operation of the canal to continue the treaty program of turning it over to a Noriega-controlled government and that Noriega was an increasing threat to American citizens in Panama. Thus the Bush Administration was forced to look for something else, including improving war plans in case they became necessary.

Q: During our last session you indicated General Thurman's experts had identified 28 sites where Noriega might be if the United States launched an attack. But what did Noriega do when the attack came?

BUSHNELL: I mentioned that on the Tuesday afternoon before the attack Noriega went to a mistress' house in Colon. When General Thurman informed me of his whereabouts, we both had big smiles because in the past, when Noriega went to visit this mistress, he stayed until the next morning. As I mentioned earlier, this site was a relatively easy target assigned to the Seals. We thought we were in luck. But as things happened, we learned at some point late that night Noriega had departed the Colon house in the early evening.

When Thurman briefed Congresspersons, he said apparently Noriega had a falling out with the woman; Frederick Kempe in his book says Noriega got wind that the United States was up to something and decided to go where no one could find him. Kempe's theory may be right because I believe what Noriega thought the U.S. would do was to grab him, never dreaming the U.S. would launch a massive operation to take down the entire Guard. Later I learned Cuban intelligence was reporting to Panamanian intelligence in the late evening that many US planes were headed toward Panama. The Cubans could see the armada of aircraft on their radars. Noriega dismissed all or almost all his security, switched to a common civilian car, picked up a street prostitute, and went to a fairly tacky motel just outside the main airport. Noriega may not have been sure whom he could trust; almost anyone might sell out his whereabouts to the Yankees. Thus he went to a place he perhaps never before had visited with no one knowing where he was. He feared a Delta force attempt to take him for a drug trial in the United States. He was right. This quintessential intelligence operator fooled us agaifor the next to last time.

Thus when our forces struck all 28 sites he frequented, he was not at any of them. He was at La Siesta motel close to the airport. He heard the shooting at the airport, pulled on some clothes, got in his car with just his driver, and proceeded down the road just as US forces were coming up the road. He saw them in his headlights, did an abrupt U-turn, and went in the other direction into hiding. One of our principal objectives, which was to capture Noriega during the first hour of the attack, was not successful. By morning Thurman had two or three military units actively looking for him, but we had no good clues to his whereabouts. I thought that, if he could not get out of the country in a boat or plane, he had hidden somewhere he had prepared for just such an emergency and he would seek asylum in an embassy friendly to him. Then we would not be able to violate the diplomatic immunity of the embassy, so we would not be able to get him.

As I have mentioned, the embassies most likely to give him asylum were the Cuban, Nicaraguan, or Libyan. I felt no other OAS and no European or Asian embassy would give him asylum and create a big problem for themselves with the United States. I called the

Charg# of Peru because I knew he was close to many Noriega associates to warn him of big problems if he gave Noriega asylum. In Latin America for sufficiently large personal payments, heads of mission have fairly often sheltered escaping politicians and only then consulted with their foreign ministries. I suggested Washington put down markers with any other countries where they might be needed. I arranged for our military to throw cordons around all three of the problem embassies and of the residences of the ambassador if they were separate. Our military searched every vehicle going in and looked at all the people going in so that Noriega could not physically enter any of these places. This procedure meant that we stopped the cars of the diplomats and searched them; we required that they open the trunk and sometimes the hoods. Of course the diplomats objected. A couple of times I had to go to resolve a standoff. A Libyan diplomat, I think it was the ambassador, had refused to open his trunk so the US soldiers had refused to let the car enter the embassy. The diplomat was very firm to me saying secret diplomatic materials were in the trunk. I laughed at that strange description of Noriega. Finally I suggested he just park the car outside and go about his business. I said our troops would assure it was not stolen. He accepted this solution. The Nicaraguans were the most difficult problem, and they had lots of vehicles coming and going. My first visit there was because our troops had taken military weapons found in a diplomatic car. I insisted the troops return the guns; we were looking for Noriega, not guns.

Our actions led to complaints at the UN, the OAS, and bilaterally that our military was abusing diplomatic privilege. The timing was particularly difficult because the shoe was on the other foot in a couple of very tense places in Eastern Europe at the same time. We were concerned about the safety of our diplomats and embassies in places like Rumania where communism was imploding. Of course I kept the State Department fully informed; I was told the Vienna Convention was less then completely clear on searching vehicles. At any rate we simply did it; this was a decision that I made, and I was never told by anyone in Washington to stop doing it. Washington understood why we were doing it. I think the Secretary simply told people to lawyer the problem to death while we caught Noriega.

None of the three affected countries were loved by Washington; the issue was only how the precedent might affect US diplomats somewhere.

Q: So the military kept you informed about Noriega's disappearance?

BUSHNELL: Yes. Of course, the military was active in trying to find him and visited places where he had been, sometimes soon after he had left. We offered a million dollar reward for anyone turning him in. The leaders of the new government received numerous tips about his whereabouts which we immediately passed to the military. His driver was captured. There was a big fire fight with some of his security agents; most of the bodies did not have any identification and were never claimed. Both Thurman and I believe they were mainly Cubans. But during the first four or five days we did not find him. Then he did something, which was the last thing that I expected, he went into the embassy of the Vatican. It was his last trick.

Q: It was Christmas Eve?

BUSHNELL: Right, Sunday afternoon the day before Christmaperfect timing for a visit to the Pope's representative. The Nuncio, Jose Sebastian Laboa, claimed to be as opposed to Noriega as anybody. But he knew Noriega well; some said he heard his confessions. They dined together from time to time. Noriega was not exactly a good practicing Catholic; he seemed to prefer witchcraft, but I guess the good monsignor had a duty to reform him. Perhaps I should have recalled the long Vatican tradition of extending asylum, most recently in a direction we supported in Eastern Europe. But imagine the uproar in the United States if we had condoned off the Vatican embassy.

Noriega telephoned Laboa and said he would send a bodyguard to Laboa in 10 minutes so Laboa could come in his official car and pick him up for refuge in his residence. Noriega did not say where he was. Laboa could have refused to go and get him. Laboa claims that Noriega threatened to go into the jungles and cause a blood bath in Panama if Laboa did not rescue him from the terrible Americans. Laboa was somewhat anti-American,

or at least anti-Washington, and apparently we gained no points from him by bringing him back urgently to Panama three days earlier by military air. He claims he tried to call General Cisneros but the phone did not answer. He could have called the numbers listed in connection with the million dollar reward which were widely advertised. He could have called Endara or Arias Calderon who had given him private numbers when we met with him a couple days before. Instead of helping us get Noriega he sent a priest dressed like himselapparently fearing to go himselin his car to pick up Noriega and make him a house guest. My view is that Laboa liked to be the center of attention, liked to have his name in the press. Thus he got his few days of fame, although it was at considerable expense to his career in the Vatican diplomatic servicnext post Paraguaand of course to us.

Q: Did we take some kind of steps to try to encourage his departure?

BUSHNELL: Yes, lots of steps. Washington mounted a major effort to encourage the Vatican to throw him out or invite us to pick him up because he was a criminal, not a political refugee. I do not know all the steps taken internationally; I recall Secretary Baker talked with the Vatican Secretary of State on Christmas day. Probably the Vatican would have arranged for him to go to a third country for refuge, but such golden exile was no longer a satisfactory solution for the United States, having spilled American blood to bring him to justice. In Panama Thurman placed special forces headed by General Carl Stiner and General Wayne Downing around the Vatican embassy with orders to capture Noriega if he stepped outside its fence. On Christmas day I met with President Endara and his two Vice-Presidents privately for a couple of hours to analyze the Noriega problem. I would meet with them several times a day at this stage, but for this purpose they sent all the hanger-ons who frequented their offices away. They did not want to request the Vatican to turn Noriega over to them; they did not feel they had any jail or trusted jailors to hold him, and his trial in Panama would be a circus at best. Remember at that point all the judges in Panama had been appointed by Noriega or earlier Guard-dominated governments. It would take months or years to get rid of corrupt judges. Thus the new government wanted us to take Noriega; he was already indicted in the United Stares and a fugitive. Any place

but a US jail, or dead, they thought he would be a focus for violent opposition to them. They had already urged Laboa to turn Noriega over to the United States.

A substantial number, about 60, of Noriega supporters, including many Guard officers, had also taken refuge in the Vatican embassmost before Noriega arrived but a few thereafter. We decided we should work hard to reduce the number of people in the embassy so that Noriega would not have the moral support of his followers and any law enforcement action would be less dangerous with fewer people involved. I arranged for Stiner's special forces to inspect everyone and every vehicle entering to assure that no additional Noriega supporters joined him in the embassy. Arias Calderon and others in the new government began the next day encouraging people to leave. Some civilians were told the new government would not prosecute them if they went home. Some military we promised to release after a day or two of processing. Arrangements were made to allow some to go to the Peru or other embassies and then leave the country. As the Vatican embassy was overcrowded and Laboa also wanted people out, the number of people living in the embassy was reduced rapidly. Neither the government nor I had any definitive plan for getting Noriega, but we wanted to simplify the problem and see what options might develop. Kempe in Divorcing the Dictator writes that I suggested recruiting Captain Gaytan, Noriega's bodyguard who was in the Nunciatura, to bring Noriega out. I do not know who told him that. I did examine the possibility of the million dollar reward inducing someone in the Nunciatura to be a bounty hunter and bring Noriega out. Actually I thought one or more of the four Basque terrorists living there would be most likely. Among other steps I worked on Laboa to get people inside to think about all that money. He probably thought I was focused on Gaytan, and he is probably Kempe's source.

Laboa had received instructions from the Vatican that the Noriega matter was out of his hands, since he had presented the Vatican with a big problem by admitting Noriega. Such a high profile asylum was a matter of worldwide precedent. Within a couple of days a senior Vatican official arrived in effect to supervise Laboa's handling of the matter and assure all actions were cleared with Rome. On some days Laboa told me, the government

and our military should just to be patient and he would convince Noriega to give himself up. My sense was that Laboa meant give himself up to the Panamanian authorities, but I did not press Laboa on the details, partly because I thought Laboa had little chance of persuading Noriega to leave. On other days Laboa would tell us he was afraid Noriega would kill himself. On one occasion when Laboa was alone with me pressing the suicide worry, I could not resist commenting that worse things could happen. At times Laboa indicated concern about his own safety, especially when he found that someone had smuggled a machine gun in to Noriega, which was kept under his bed. Among our military only General Cisneros had any confidence Laboa could and would talk the general out.

Laboa was not the only person who thought psychological operations could bring this tricky master spy out of his refuge. The psychological warfare units of the Army thought that they would get him to come out by psychological warfare, which on the surface was laughable but harmless. They arranged for blackhawk helicopters to come in low from the bay right over the Nunciatura, rattling the windows. They burned a nearby field to make a helicopter landing field at night when it would appear the Nunciatura might go up in flames. They continued playing loud music directed at the Nunciatura 24 hours a day. The Nuncio complained to me that Noriega was in a basement room which was relatively soundproof but the Nuncio was in a room that wasn't, so he was being kept awake by the music.

Actually the music had been started for another purpose. Of course, there were hordes of press who descended on Panama for the biggest story internationally during the slow news Christmas period. Hundreds, if not a thousand, foreign reporters were running around looking for stories. As it happened, the big Holiday Hotel where many of the reporters stayed was just a block from the Nunciatura. In the beginning one of the ways our forces communicated with the Nunciatura was that the Nuncio, or more often one of his assistants, would come out to the gate and talk with our soldiers who maintained the cordon. Thus they would coordinate a delivery of groceries, meals, or whatever. When I would meet with Laboa, we used a school just across the street where General Stiner had his temporary headquarters. The military was concerned that the press had set up

directional microphones like those used at sports events and could sit on the balcony of the Holiday Inn and, with these directional microphones, pick up conversations at the Nunciatura gate and broadcast such conversations to the world. Thus the military began playing loud music so the reporters could not hear what was said at the gate. They played the music all the time because they did not want to reveal to the reporters what they were doing. Am I giving away a military secret here? Soon the psychological warfare folks took over the selection and direction of music for their purposes.

Amazingly the music became a big issue even being discussed at NSC meetings. Secretary Baker asked for my recommendation. I said I didn't think it was going to do any good but I wasn't against it. I didn't think it was a big issue. Thurman agreed with me. The NSC ordered that the music be calmed down but not totally stopped.

Q: What finally made Noriega come out?

BUSHNELL: In a few days we were successful in getting down to only Noriega and a couple of his closest associates in the Nunciatura, but I could see that we were not making progress in Washington's negotiations with the Vatican. The Vatican representative who had come to Panama kept talking about months and years as the sort of period it took to resolve previous difficult asylum issues; he urged that we let our emotions cool, perhaps reducing the forces around the Nunciatura. My attempts to get someone inside interested in a big reward also were not prospering, although I had an offer from one big and tough guy to go in and get Noriega for us if we assured him of the money and no prosecution; I thought in effect hiring someone to go in would be seen as a violation of diplomatic protection, not much different from our going in. I was looking for something to change the playing field when the civic action groups asked to stage a big Panamanian demonstration against Noriega and implicitly against the Vatican for sheltering him. These middle-class people who had banged their pots and pans in the night for years to show they were against Noriega wanted to go to the Nunciatura and yell for Noriega's head. Our military, especially the special forces officers, were very opposed to such a demonstration because

our troops would be what kept the crowd separated from the building where Noriega was and we certainly did not want to use violence on a friendly crowd to protect Noriega. Seldom did I go to General Thurman to overcome decisions of other military officers, but on this demonstration I did. I thought it would be a good idea to have this demonstration and to let Noriega know that worse things could happen to him than surrendering to us. Thurman shared the military concerns, but I argued I would get the demonstration switched from evening to mid-day for better security and that his troops could put miles of barbed wire around the Nunciatura so our troops would not have to be nose to nose with the demonstrators. Finally he agreed.

Some estimates were that 50,000 showed up for the demonstration about a week after Noriega took refuge. I doubt if it was that large, but it was a big crowd, and they were properly angry and bloodthirsty. Despite the blocks of wire Noriega could certainly see them out the window or on television, and he could see that some pretty drastic things would happen to him if he weren't protected. The next morning I met with the Nuncio and said, “This demonstration put me in a terrible position, because our forces, the US forces, came to Panama to capture Noriega. Now we're in the position of the US forces protecting him against the crowd that wants to kill him. This is really an unsatisfactory situation.” He said, “Well, I am working on him.” I said, “I think the next time there's a crowd I'm going to withdraw the US forces.” The Nuncio seemed shocked and said, “What's going to happen to me?” I said, “I think it would be a good time not to be home; be somewhere else.” As I intended, he immediately went back to Noriega and repeated what I had said and indicated that he would depart the premises before the next demonstration started. Of course, I had no authority to withdraw the troops, but Noriega may have thought Washington would approve such an option, after all President Bush had already surprised him once with the massive military operation. I then encouraged the civic action groups to call for an even larger demonstration to bring Noriega to justice; by New Year's day and particularly the day after the TV and press were full of preparations for the next demonstration in a couple of days with various Panamanians saying this time the US

forces would not protect him. I got General Thurman to have the troops remove much of the barbed wire and to do it in such a way that a couple of corridors of practically direct access to the Nunciatura were visible from the windows. The morning of the next day, January third, Noriega telephoned and said he had three conditions and he would surrender.

Q: Had you had prior discussions with him?

BUSHNELL: During this assignment in Panama, no. I had met Noriega a few times when I was a Director of the Panama Canal Commission. During the time I was in Panama in1989, I had not met him or talked with him because we had no relations with his government. When he said three conditions, I thought what trick is he up to now. I was expecting impossible conditions. First he said he wanted to surrender in his full general's dress uniform. I said he could wear what he pleased. He said he did not have a dress uniform with him. Someone would have to get it for him. I said OK and clarified where we would find it at his house. Secondly, he wanted to speak with his US lawyers on the phone without anybody listening. I said I would do what I could to stop any listening. Third, he wanted to surrender to a general officer, a US general. I had no intention of letting him surrender to anyone but DEA agents who would arrest him on narcotics charges, but I promised him there would be a US general present. He said OK, this evening I will come out if you meet these conditions. General Thurman arranged for someone to get his uniform and for a general officer. Thurman said General Cisneros, who Noriega knew, would be there with the DEA officers and the special forces. I asked Thurman and the CIA station chief to stop anyone who might be listening to the Nunciatura phones.

That day, Wednesday January 3, was busy for me. I had just over the previous holiday weekend returned to my office to the embassy, curtailing my Foreign Ministry office with the new government. Deputy Secretary Eagleburger had led a mission of officials, including Bernie Aronson, to Panama just before the New Year holiday, and that mission had taken Ambassador Davis home with them so I was again officially Charg#. I was busy

trying to get the embassy as well as the new government fully functioning. Of course I reported my conversation with Noriega to Washington by secure phone to the Panama Task Force; I believe I commented that we should cross our fingers as we had about a 50/50 chance the Noriega saga would end that evening. That day the two ranking Senators on the Armed Services Committee, Senators Robb and Warner both from Virginia, were visiting. Thurman had them most of the day. I took them to call on the new government at some point, but my briefing of them was scheduled to be over an early dinner at Howard Air Force Base. Of course I included in the briefing the Noriega story ending with the phone call of that morning. I was interrupted as we were finishing dinner by a call from Mike Kozak who was across the street from the Nunciatura. He told me a priest had come out to say the general was coming, but he had not appeared. I guess I looked disappointed because one of the Senators offered to make me a drink from his flask. Thurman had wisely stopped all sales of alcoholic beverages on any base for the duration of Just Cause. We had not finished the drink when I got the call saying Noriega is under arrest. About the same time yells of pleasure erupted all over the club as the military saw the helicopter lift off on the TV. The Senators literally pounded me on the back to congratulate me.

I declined a second drink and went back to the embassy to do a cable covering the events of the day. I did not need to phone as I was sure the Task Force was watching on TV. As I was getting ready to leave the embassy about 10 o'clock, my security people said they didn't think they could get my car through the streets because the crowds celebrating in the main streets were too big. I said, “Gee, I'm tired. They may be celebrating all night; they have waited over 10 years for this moment, but I want to get home.” At this stage I still had a military vehicle with a machine gun mounted which followed directly behind my car for security. My DS agents recommended we just go in the Humvee because people would get out of its way. As we made our way slowly through the crowd for the couple of blocks necessary to get on the road to my apartment, the outburst of emotion was amazing. The only time I have seen so many people so happy was in Buenos Aires when Argentina won

the World Cup. People on the street thought ours was just another military Humvee. A womenot a young woman, I would say she might have been 3ran up, grabbed the 22-year-old soldier-drivethere were no doors on the vehiclgave him a big kiss, and yelled, “Bravo, you Yanks, you're wonderful.” There was great clamor by many people getting out of our way about how grateful they were and how wonderful it was that Panama was alive again.

There was a tremendous high because Noriega was finally in custody. I hadn't realized until I saw this outpouring how much concern there was that Noriega would somehow, someday regain power. I knew the concern of the people in the government with whom I was working every hour; they felt their positions weren't secure as long as Noriega was not in US custody. Certainly the Panamanian middle-class thought we had done the right thing, even those who lost businesses to the fires or looters and had other disruptions to their lives. Noriega's rule was a nightmare for the Panamanian people. Now it was over. We had now accomplished our last major objectivbringing Noriega to justice.

Noriega, in full dress uniform, was arrested by DEA agents attached to the Southern Command. General Cisneros was present as I had committed. In fact General Thurman was nearby. Because it was already dark the press did not get the pictures of the splendid general that he apparently had planned. He was quickly put into an Army helicopter with the DEA agents and flown to Howard Air Force Base where he was immediately put into a plane and flown to Florida and jail, where he has been since.

Q: Do you think he'll be in jail all the rest of his life?

BUSHNELL: I don't know. His initial sentence was 40 years, but his lawyers have recently gotten it reduced to 30 years. I don't know when he might be eligible for parole or even if he will want it. He made a big issue of trying to be a prisoner of war, and, much to my surprise and chagrin, he was granted the status of prisoner of war. The main implication is that, rather than being put in one of the Feds' tough prisons for long term and dangerous detainees, Noriega is kept in a much more comfortable jail in the Miami area where at

least at one time it was reported he had two cells complete with televisions and other comforts. Prisoners of war must be allowed at least an hour a day of exercise in the open air, and the maximum security US prisons do not have facilities to do that. Of course I have full confidence in the US judicial system, but before I departed from Panama, I suggested to Arias Calderon that the new Panamanian government might wish to file serious charges against Noriega and ask the U.S. for his extradition should he ever be released from our jails. The Panamanians have charged him with several counts of murder.

Q: Did he launder and hide most of his money?

BUSHNELL: We of course proceeded immediately with the Panamanians to block and eventually forfeit all his money we could find all over the world. It turned out that we could not find much outside Panama.

Q: There must be some in secret Swiss bank accounts.

BUSHNELL: I think there is somewhere, but we were not able to identify it. Noriega had, of course, a lot of time over the years and a lot of experience with hiding money. We were up against a man whose life was in the clandestine intelligence community. He probably knows more about hiding money than any of the so-called experts in DEA. Thus it is not surprising that, although we identified a lot of the accounts he used, they turned out to have very little in them. In the first phasthe first few weekwe managed to block or forfeit maybe 40 or 50 million dollars internationally. The Panamanians seized his assets in Panama including bank accounts there.

Q: Pretty big money, $40 or 50 million!

BUSHNELL: Not in terms of what we think he had made. He certainly continues, I assume, to be able to pay his lawyers. He has good lawyers who are continuing to protest against

one thing or another toward getting his sentence reduced or the sentence overturned. He seems to be able to afford to do that.

Q: Operation Just Cause was a stunning military success, but what were the political consequences?

BUSHNELL: The full history isn't written yet, but I would say it was also a political success. The international objections to our use of the military died down within a few days, especially as we very quickly withdrew our forces and it was obvious we were turning all power over to a civilian government which had been elected by the Panamanian people the year before. The Endara government cooperated in slowing the drug business, for example agreeing to a tough judicial assistance treaty. I was disappointed that DEA had much less evidence than I had hoped so we could not move effectively to punish the banks in Panama that had been laundering money. The Endara government was a coalition of three of the four major Panamanian political parties. Once they had power and Noriega was gone, there were more and more disputes among the three parties, especially when elections approached after three years. The coalition did not hold together for the election, and the opposition party of Torrijos and Noriega won. However, after the arrest of Noriega and the dismantling of the Guard that party was taken over by moderate politicians who made it a middle-class democratic party appealing to the poonot much different from two of the other mainline parties. Democracy was working and consolidating.

Although Just Cause was seen by most Americans and most Panamanians as a success, we learned later that with just a little difference in timing it could have been quite disastrous. Despite all our intelligence assets, we had a great intelligence failure, which could have cost the lives of many American soldiers. We learned from the interrogation of Guard prisoners that a squad of Panamanian soldiers had recently returned from Nicaragua where they had been trained on launching ground to air rockets, SAM-7s. Other intelligence confirmed that Russian SAM-7s had been loaded on a ship in Africa at the end of November or in early December. Of course the shipment was diverted after Just

Cause was launched and never got to Panama. However, had we waited just another few weeks or had Noriega managed to get such anti-aircraft missiles sooner, we could have experienced large casualties. If the Machos who shot the first paratrooper in the plane door had been firing one of these Russian missiles, it would have brought down the plane. And goodness knows how many more planes and how many troops would have been lost. I believe we would still have won the battle and rescued Panama from Noriega, but the price could have been very high. Of course, if we had known the Panamanians had such weapons, the attack plan would have been different with aerial bombardment to weaken the defenses and jumps from much higher altitudes. It is a mystery to me how, with so much intelligence and with so much daily contact with the Guard, we had not learned of the preparations for introducing a major and deadly weapon system. Once the weapons arrived, especially if they had been test fired, we might have learned of them. Perhaps keeping such a secret suggests Noriega was really much better at intelligence operations than anyone on our side. There is no doubt that war is a risky business; in Just Cause we were lucky, but few know by how close a margin.

Q: How did you resolve the problem of reestablishing law and order in Panama?

BUSHNELL: Two days after the attack the situation was chaotic. There were no police; many criminals had been released or escaped from jails; poor people, and some not so poor, were looting everywhere; various neighborhoods had organized for self-defense and were shooting at approaching unidentified people; private guards and potential looters were killing each other; the fire department would not go into the dangerous streets to fight fires. The biggest immediate problem for the new government and for the US government was reestablishing law and order. I discussed earlier how the new government invited members of the Guard who had experience as policemen to come back to work after swearing an oath to be loyal to the new democratic government. Some officers returned from exile and/or retirement to provide leadership, and later junior Guard officers who had not been involved in Noriega's illegal operations were added. I had arranged with General Thurman for joint patrols of the new police and our military. Despite the heavy fighting

at the Traffic Building where I had been Friday morning, numerous police were swore on Friday afternoon. Joint patrols began operating by the Saturday after the Wednesday morning attack. These patrols stopped the worst of the looting, but they were not equipped to recapture those who departed the jails, nor to deal with family problems and the many everyday issues handled by any police force. The American MPs who, along with special forces, were assigned to joint patrols generally did not know the language and did not have civilian police experience.

General Thurman and his staff pressed me to find additional and better solutions. Finally, I said what we needed was about 100 Spanish speaking US policemen to put four or five in each station house to help get proper police work underway. The problem was not to get the police stations to do exactly what they had done before the attack because under Noriega there was little protection of individual rights. If the police thought someone was a criminal, they locked him up, and he was lucky to get a trial in six months even for minor offenses. Thus we needed to start introducing police procedures that would gather evidence and not rely on torture. I had already discussed the immediate problems with Mike Kozak and others in Washington who were gearing up a Department of Justice project to provide training and upgrading for the Panamanian police. Justice had a mandate to do police training and some budget for foreign assistance which could be supplemented by AID. However, I was told Justice would have to go through a long contracting process to select a contractor, then the contractor would require months to mobilize, so in the best of worlds it would require many months to get more than a half dozen people in country. We proceeded with such a project, but it did not solve the immediate problems.

After much discussion in which Thurman's officers made clear the military does not have police capability and was not equipped to teach proper police work, Thurman himself pulled the solution out of the hat. He said what we need are Army reservists who are policemen in civilian life and who speak Spanish. He said there are hundreds of thousands of Army reservists, there must be hundreds who are policemen. There must be a hundred

of these who speak Spanish, and not just in Puerto Rico. But how does one find them and get them to Panama quickly?

Thurman, who knew the US Army better than anyone, had been involved in a project placing reservists' records in computers. He said the computers could within minutes produce lists of reservists of all ranks whose civilian occupation was law enforcement. With a little work the computers could then tell which of these spoke Spanish. I asked if and how soon we could get such soldier/policemen to Panama. Thurman said since it was then the day after Christmas, it might take a full day to identify; then Secretary Cheney had to sign an order; the reservists then would have 24 hours to get on a plane. I said, “Let's do it.” The next day Thurman said the order was signed and the first reservists had been contacted. There were less than 48 hours between the idea and the first arrivals in Panama. At first we kept some MPs, special forces, and other troops at station houses to provide muscle for the reservists and newly reintegrated, but unarmed, Panamanian police; we continued some joint patrols separately. Gradually the US military except the reservists were removed from the police operations as the new government recruited more policemen and brought some of their political activists into the police force. As I recall, we never quite reached our 100 man target for soldier/policemen, but we came close. Most of the reservists had many years of civilian police experience, and most spoke excellent street Spanish. The speed and effectiveness of providing these hard to find people was amazinanother great tribute to the technology and management of today's military.

One afternoon as this soldier/police operation was just starting, Thurman called me to ask that I telephone the mayor of Phoenix, Arizona, who was distraught that he was losing 5 or 6 policemen. I called and explained the chaotic public safety situation we faced and what we were doing to resolve it to make sure the drug business stopped and there were no problems for the canal and other US interests. His main concern seemed to be that we were taking his best policemen. I said, “Precisely, only the very best can do the tough job here.” I promised that we would not keep his men more than a couple of months. Finally he said, as one politician to another, that he needed to quote me so he could justify the

situation to his constituency. I was told Thurman and Cheney had numerous such calls, not to mention all the difficult family situations caused by activation of these reservists. During January and February we did let some reservists go home early for family reasons; one offered to work two shifts a day for 20 straight days if we would then let him go home; we agreed. In fact at first most reservists worked double shifts; some lived in the police stations.

Over January and February I spent a lot of time on the police operation. Of course a policeman just off the beat in Chicago was not really prepared to organize a police station in Panama. We brought in several civilian lawyers who worked for Defense in Panama, and Arias Calderon got law professors and students as well as others to help set up procedures and begin integrating the police work into the criminal justice system, such as it was. Several reserve officers who were experienced civilian policemen were assigned with some of Thurman's staff to manage the reservists and be a resource to solve problems. At first I met with this group every day, later three times a week, and we invited one or two of the reservists from different police stations to come to each meeting and describe what was or was not happening in their stations. The US policemen all appreciated the great deterrent effect of getting police out of the stations and walking or driving a beat. There were only a couple of instances in which a US soldier shot a criminal running from a looting or robbery. But the thought that a US soldier, who would shoot mighty straight, might be in a police car or walking with the Panamanian policeman spread fast. Looting virtually stopped; crime of all sorts fell to normal levels; many escaped prisoners decided to give up in exchange for no additional sentence rather than facing a confrontation with a deadly Yank.

Toward the end of JanuarDeane Hinton had already arrived as the new ambassadoThurman consulted us about ending operation Just Cause. Most of our military who had flown in the night of December 20 had long since returned, and the security situation was returning to normal. Not knowing all the implications of stopping the military operation, Deane and I agreed. The first big problem was our reservist soldier/policeman

operation. While we were technically engaged in a combat operation, we could engage in joint operations with the Panamanian Guard police financed by the combat operation DOD budget. Yes, we could legally engage in joint operations with the Guard even though the Guard was the main enemy of the combat operation. I argued the police part of the Guard was the good guys versus the bad guys such as the Machos. However, once the combat operation ended, we could not use US forces in joint operations since technically there were no more combat operations. We were supposed to seek foreign assistance funding or other special funding to finance any assistance to the police. DOD almost immediately threatened to withdraw the soldier/police reservists because continuing joint operation would be against the law.

I worked quickly with the female reserve Army Colonel heading the reserve operation to recast everything we were doing as Guard training. We had already stopped joint patrols using regular Army personnel. I then wrote a difficult cable explaining how our joint operations had transitioned into training as the Panamanian police forces had grown and US military resources had been withdrawn. I called both ARA and PM in State to get support to keep the reserve/police operation going even if we had to use foreign assistance funds; it was still essential. With the help of several senior State officials, DOD agreed to continue the training based on my cable and even agreed to funding the operation as force protection, i.e. improved police operations in Panama improved the security of US forces there. As there had been a couple of bombs thrown at civilian clubs where soldiers hung out and a few casualties, force protection was a high priority.

We had a related problem also solved by imaginative military minds. Our reservist police quickly identified the lack of adequate transport as a key police problem. Because of the tight budget and poor economy the Panamanian police had not had enough funds during the previous couple years under Noriega to buy new vehicles or even to maintain what they had. Quite a few police vehicles had also been destroyed or stolen during the attack and looting chaos. The transport problem was particularly urgent in the rural areas away from Panama City where we had deployed special forces personnel to help convert

remaining Guard personnel, who had surrendered, into rural police. In the city the military rented cars for the deploying reservist police, and these cars substantially augmented police transport. Of course the joint patrols relied on US supplied transport. Even though our military was initially short of vehicles because few vehicles come with air deployment, we were in much better shape than the poor new Panamanian police. In short many additional vehicles available permanently were essential to turning an effective police operation over to the Panamanians. Thurman's staff identified about a thousand Dodge Ram four wheel drive pickup trucks in the strategic reserve in Germany. The vehicles were several years old, but unused. They were in effect part of a prepositioned reserve available for forces that would deploy in a NATO emergency. The vehicles were due to be replaced before long because of their age. Thurman got DOD to declare them surplus and provide them to Panama.

When Just Cause was underway, such provision of vehicles was just another part of the combat operation for fiscal purposes, even the inspections and repairs being done in Germany and the shipping. But, once the combat operation ended, new obligations in connection with the vehicles could not be charged to a combat operation no longer underway. Most of the costs had been obligated before the operation ended, but I had a lot of problems coming up with the small amounts needed to complete the shipping and turnover of these 1000 vehicles. I finally had to insist that VP Ford get the Finance Ministry to pay for unloading some of the vehicles. When I was in Panama in 1996 on New York District Attorney business, I noted that the Panamanian police were still using these vehicles, and they seemed in good condition.

Initially there were major problems in getting all the civilian ministries up and working to do the things ministries normally do. However, fairly quickly the career civil servants came back to work. Initially our military assigned as liaison with each ministry had a lot to do to get phones working, to recover stolen vehicles and other property, to repair any minor war damage to facilities. Incidentally we also had an embassy officer assigned to each ministry for coordination; in many cases these were State officers spending a couple

weeks on TDY to help, including Bill Brownfield, Chad Blakeman, and Roberta Jacobs. In some cases they were AID officers who were also beginning the process of reopening the AID program. My main focus, other than getting the police operation functioning, was getting the economy reactivated. On this, to my surprise, Thurman and the military were able to do amazing things. Even before Christmas I raised the economic problems with Thurman suggesting the forces hire has many temporary Panamanian workers as possible for the logistic surge that was underway. Thurman asked where there was the greatest unemployment; I said the construction industry had been extremely slow for over a year and it usually provided lots of jobs for low skill workers. Thurman asked why we didn't contract several construction firms to clean up the substantial area around Noriega Headquarters where slum areas had burned. People were already trying to establish make-shift shelters in what was left of the buildings which had been unsafe even before they burned. I said that was a great idea but who could pay for it. Thurman said part of combat operations. Fortunately he had a big contracting staff because of the bases in Panama. Before New Years several firms had been contracted; dangerous walls were being taken down; hundreds of truck loads of debris were leaving the area. By the time combat operations ended in late January the entire area of dozens of blocks had been cleaned up; the roads and utilities repaired, and on several blocks Panamanians were starting reconstruction.

Q: Even after you got the government basically functioning, of course, there were big economic problems. The Panamanian economy was in pretty bad shape even before the invasion. Were there a lot of big problems getting the economy moving again?

BUSHNELL: Yes, sometimes we had conflicting objectives. By Christmas I wanted to get the banks open, get government employees back and paid, and let market forces move the economy. However, the DEA agents, who were arriving in force, wanted to keep the banks closed while they looked for drug money. Someone in Washington suggested paying the government employees in cash which we would fly in from the States. Remember Panama uses our dollar as its currency. I agreed as soon as I clarified

that the US government would fully pay for the money and pay the shipping. A large shipment of small bills was made from Texas. I recall sending an embassy officer to accompany a major security operation Thurman organized to bring the money from the US Air Force plane to the Central Bank where it was sent to various ministries to pay the year-end bonus to government employees. Washington struggled to get economic sanctions against Panama lifted. This sanction lifting should have been routine, but some sanctions were legislated and required Congressional action and/or Presidential waivers and other time consuming procedures.

Once the military began contracting clean-ups of the Headquarters and some other smaller areas, General Thurman asked me about a crash program to build low-income housing in the Headquarters area. Such crash construction would provide permanent solutions for many of the some 15,000 people the military was feeding and sheltering at the stadium, supposedly people whose housing had been burned in the course of the military operation. Noriega's Headquarters was only a couple blocks from the former Canal Zone in an old section of Panama City; it was surrounded by slummainly temporary buildings originally housing workers constructing the Canal 80 years earlier. No one seemed to own these slum building. People lived there as squatters, one might say. Some fixed up their places fairly nicely, but they didn't pay rent to anybody, and much of the time they didn't pay for utilities either. Many of the residents were strong Noriega supporters; many Dignity Battalion irregulars lived in this area. I suspect that those who did not support Noriega had been driven away. When our military attacked the Headquarters, the supporters of Noriega lit fires in these tenements to stop the US attack. Thurman's staff believed the fires were part of the planned defense, but I have seen no evidence of that, and they may have been set by a few Noriega supporters just reacting to the attack. All the buildings around the Headquarters for several blocks burned. They didn't burn quickly enough to hamper our forces in taking over the Comandancia, which didn't take long, taking many of the military there prisoner. Of course no firemen came or anybody else because they'd be coming into a combat zone. The fires burned all night, and this

substantial slum area was wiped out. I suppose it was 15 or 20 square blocks, home to a lot of people.

Endara, Ford, and Arias Calderon thought the fires had the unanticipated effect of being a tremendous slum clearance project that made available for development a valuable area of the city, well located geographically. They began talking about using this high-value land for offices, businesses, and luxury apartments. But there were a lot of people who needed to be housed, and soon. At this point Noriega was still in the Nunciatura and AID had barely begun taking over from the Army the feeding and housing of the 15,000 or so displaced and/or homeless people in the baseball stadium. General Thurman said to me, “I know somebody who might build some housing for these people quickly. If we go through the normal procedures within the US government and do this as an AID project, these people won't have any place to live for a year or two. I know somebody who might finance and build housing with record speed What do you think?” I said, “I think that's a great idea.” So Thurman called a man named Perot.

Q: H. Ross Perot?

BUSHNELL: Yes, the founder of Electronic Data Systems, who ran for president a few years later. He was a graduate of the Naval Academy, and Thurman had known him for many years. In the course of one conversation over the phone in which Thurman explained the housing problem and opportunity, he agreed to build $70,000,000 worth of housing and to start then, right then, the next day, sending a team down to start letting contracts and hiring workers based on plans he already had for a project somewhere else. I thought this was wonderful; not only would we have a real and highly desirable housing future to present to the politically active and unruly refugees, but such immediate spending would be a big shot in the arm for the economy, especially for the underemployed construction industry. I started Ford working on the necessary Panamanian government approvals. I was shocked and chagrined when Washington said it was an awful idea and insisted that neither Thurman nor I could facilitate such a private sector project even

though it served several of the highest US priorities and would have no costs for the USG. Washington insisted Perot funnel his money through some AID guarantee or other arrangement that would put the burden of public sector contracting on it. Perot was not interested. Both Thurman and I were furious, but we were still in the middle of a combat operation trying to get Noriega; before we had time to mount a fight, Washington had taken Perot out of the picture. I did not know who Perot was at the time and could not understand Washington's position. Perhaps some in Washington foresaw that Perot would create problems for President Bush's reelection and did not want to give him a piece of what was at that moment considered a great Bush success.

Q: This amazing Perot story says a lot about Washington.

BUSHNELL: Subsequently over the course of a couple of years, a lot of housing was built for the refugees with AID money, almost all in the suburbs. I came up with the idea of using the AID housing guarantee program to offer individual mortgages instead of building housing developments. Thus the displaced family could immediately go out and buy a house which was already built. In terms of getting the economy going and refugees settled, this mortgage system worked well. When we gave refugees the ability to get a mortgage for virtually 100 percent of the cost of a modest house, all the low-cost houses that were on the market were gobbled up, and, of course, that's a tremendous incentive for builders to get to work putting up more as fast as possible. We invigorated the construction industry almost overnight. Some families had gotten their mortgages and houses even before I departed in March, and the program was building momentum.

Q: As a matter of fact, some Panamanians had apparently expected a quick infusion of financial aid from Washington. That didn't really happen. Congress finally passed a so-called emergency aid package toward the middle of 1990, but it was a relatively small amount in comparison to what Endara expected.

BUSHNELL: I don't know what Endara expected. The big thing the U.S. did for Endara was to allow him to take office. Of course Endara welcomed any assistance in getting the economy going and replacing the drug business with productive economic activities. None of the new government leaders ever suggested to me that the U.S. owed them anything for taking over the positions for which they had run and been elected. In our discussions we addressed together problems and how to solve them. At first the U.S. had lots of resources and the Endara government was not yet really functioning. As time went on more and more solutions were found in Panamanian government actions, and the US role was reduced. Of course Endara and his colleagues expected the U.S. to lift all sanctions and return to a normal situation. Probably they also expected economic assistance of an emergency nature given the chaotic situation they inherited. They felt some reimbursement for war damaged and looted property would be just.

Q: Loans from Ex-Im Bank became possible?

BUSHNELL: All the normal US assistance and financing programs for developing countries became available to expand the economy in the medium and long term. However, we barely began addressing basic economic development issues before I departed in mid March. As I already mentioned, we began immediately on December 21 spending a lot of DOD funds in support of the combat operation. Putting up tents and feeding displaced people in the stadium used some AID emergency supplies, but it was largely a DOD operation and DOD funded for some weeks. During a military operation such as Just Cause, the military can do lots of things and spend money for lots of things which they can't do in normal times, because anything that furthers the operation and reduces casualties is part of the operation.

For example, I was able to get the military to repair completely and even expand the civilian telephone system. We began fixing the telephone system when we went into the Congress Building on the second day after the attack. We found most of the phones didn't work. How can you run a government with two working phones? Sure enough,

Thurman had teams of military and contractors who maintained the phones on the bases, supplemented with a lot of communications people who had arrived with the attack force. The first night Thurman's telephone experts and their numerous security escorts increased our two working lines in the Congress to 60 lines, and they promised 600 lines in a couple of days. As we inspected other government buildings in the first week, the explosives experts eliminated the booby-traps and the communication folks got the phones working. Other military arranged for repair of the doors, windows, roofs, air conditioning, and electrical systems that were found damaged either by the military operation or by the neglect of the Noriega government. In many cases the phone work had to be done at the central and switching stations; the fact that the Panamanian civilian phone system was integrated with our base systems and the Canal system meant that, not only did our people have long experience on the system, but also the supplies and equipment stored on our bases worked in the Panama City system. Similarly DOD financed repairs and clean-up at the main airport and at numerous other facilities. In addition, DOD paid, often in cash, for damage directly caused by the operation to private property, including payments to many of the embassy's neighbors whose property had been used to enhance embassy security.

While we continued in operation Just Cause, until toward the end of January, we were able, using the US military, to do a lot of things to get the economy going again. I had daily meetings at first, then every-other-day meetings, with a large group of military officers headed by a general officer responsible for coordination and civil affairs. Most of the civil affairs support for the government and the economy went smoothly; my group spent most of its time on difficult unresolved issues. For example, we were continually threatened with the FAA shutting down the main airport because the fire trucks were in such poor condition. On the first or second day of the operation Thurman had moved some military firefighting equipment from the bases to the airport. But this equipment and its personnel needed to be returned to the bases. One Panamanian fire truck, as I recall, had been damaged by shooting; the military promptly flew in repair parts and fixed it. But other fire

trucks were just worn out and neglected by the Noriega government. They needed new motors or new transmissions which were hard to find because the equipment was so old. DOD did not get the repair parts ordered before Just Cause ended. Then the issue was who would pay the thousands of dollars for the parts. This issue came up at numerous meetings; I got DOD to try to find surplus parts in its inventory, but this route only solved a small part of the problem. Finally someone in the Panama government came up with the money.

Another difficult issue was the chemicals for mosquito controa vital health issue in the tropics. Because the Noriega government had been short of funds, it had not ordered the usual supplies. Moreover, all spraying had stopped about October. There was an urgent need to get the spraying program moving. People and even some vehicles and spray equipment were available in the Health Ministry, but the government had no money to import the chemicals on an expedited basis. I arranged for the military to extend their base spraying programs to many neighboring areas, but our military did not have the capacity to cover the entire urban area. I recall a couple of meetings with the Health and Finance Ministries and with the representatives of the Panamanian Health Organization, which was instrumental in locating supplies of the needed chemicals ready for immediate shipment, but I don't recall exactly how the financial problem was solved. We also allocated some of the pickups arriving from Germany for the spraying program. There were many such issues in getting the government going after the years of Noriega mismanagement and the disruptions caused by the attack.

Q: On what major issue do you think you personally made the greatest difference?

BUSHNELL: Without doubt the biggest and most important long-term issue on which I was the fulcrum was the decision to abolish the armed forces, making Panama only the second Latin country without a military. Of course the purpose of Just Cause was to destroy the Panamanian military which was the tool used by Noriega to control the country and the drug business. The assumption in the US military was that we would reconstitute, train,

and probably equip a new military to protect Panamanian national security and defend the Canal. In fact the military had been identifying so-called “good” officers in the Guard to be the core of such a new force. CIA had been working with some exiled officers with the same end in mind. Needless to say, I did not have much confidence in the military's or CIA's ability to identify “good” officers given their long history of working with and being used by Noriega. On the Panamanian side there had been little thought on the military issue. Certainly the new government and civic action groups did not want a miliary that might ever again hijack democracy, but most Panamanians, like most Americans and other Latin Americans, seemed to work on the assumption that countries have military establishments, much as they have a currency, a flag, courts, and foreign embassies.

I was not aware of any real discussion of a future Panamanian military in Washington; in part the issue did not arise because under any scenario except Thurman's new attack plan, which few people understood, there would be a substantial military force left standing at the end of the day in Panama. I had much in mind the difficulties the Argentine government had had in controlling its defeated military and the much less tense situation I had experienced in Costa Rica where there was no military, only a national police. However, I had not spent time on the issue of the military under a new government. My first discussion of this issue with the new leaders was the night of the attack. Someone asked what we would do with military who surrendered. I explained the plan to have a big outdoor prison not far from Howard Air Base where prisoners would be processed and held. I asked what Endara and company would like us to do with the military personnel. Ricardo Arias said there should not be any problem in letting most of the low ranked soldiers go home as long as they were relieved of all their weapons. Others thought worrying about defeated military was low priority. Soon we were into the urgent business of reconstituting a police force. In these discussions I could see that giving back a weapon even to former traffic police was a matter of great concern to the new government. In fact Arias insisted for a long time that we not give any policeman a weapon, even a pistol, without his personal approval. The policy of the US military was to confiscate all weapons

found, military or civilian; later our military even offered a buy-out program, paying money for any weapon turned over. This program mainly served to give a little support to the economy since almost all the weapons purchased were junk.

During the first week Thurman asked me what we should do with the large volume of captured military equipment and munitions. I asked if we had the right to take it as the bounty of war. He checked and said yes. I talked to Endara, Arias, and Ford. Ford said maybe the new government could sell the war material for needed money. I asked if Panama really wanted to supply the arms blackmarkets of the world, and Arias and Endara both said absolutely not. Keeping the arms out of the hands of undesirables in Panama and elsewhere could have become a big problem. Good. I told Thurman to load all the arms including the armored personnel carriers, which the Panamanians considered tanks, on the ships then lined up bringing in supplies for our military and take all the war material away, except for weapons which would eventually be appropriate for the police.

During the second week of the operation I called an evening meeting with Ricardo Arias and Thurman to discuss where we were going on a new Panamanian military. The most immediate question was what should be done with military units in distant rural areas, particularly along the Costa Rican border. These units had all surrendered. Special Forces soldiers were present with them; senior officers had been sent to our prison camp.

About Christmas the three top leaders, some of their cabinet, and myself and my security moved from the base to a high rise apartment building in Punta Portillo, an upscale apartment area near the in-town airport and the bay where, incidentally, the Nunciatura was also located. The Ford's apartment was in the building, so they went home and hosted Endara. Pat Perrin, the embassy labor officer, had an apartment in the building, and she hosted Arias Calderon and his family. The embassy had another apartment in the building; the resident consular officer was on leave in the States, and we had to use a locksmith to get us in; my security officers and I used this apartment, making the fairly small dining room our evening conference room. The military provided exceptional security for the

building. For about a week we met every other night in this borrowed apartment. Thurman was usually joined by a couple members of his staff, and Endara and Ford often joined us. The other nights I went without the new government leaders to Thurman's headquarters or to one of the operational headquarters on a base for coordination meetings often running well into the night.

Throughout our three or four meeting on the future Panamanian military I tried to focus the discussion on determining the threat a Panamanian military would be expected to meet. There was concern about terrorists or smugglers who might try to damage the Canal or other facilities. Such a threat seemed to be a police problem, perhaps with some sort of police elite swat squad that could deploy against individuals or small groups with heavy weapons. Such a squad would not need to be more than a couple of hundred men. It was soon clear to me that there was no need for a Panamanian military and Operation Just Cause had given Panama a unique opportunity to get rid of its military institution for good. I mentioned the example of neighboring Costa Rica. Arias quickly adopted the Costa Rican model. He argued Panamanian politicians had been prevented from truly developing Panama for all its history by the military in alliance with one or another local or foreign group. Ford liked the budget savings but seemed to think a military establishment was necessary to coordinate with the US military. I commented that our coordination seemed to be working exceptionally well at that moment without any Panamanian military in the room. Endara did not seem to have a position for the first couple of meetings. Thurman would outline various ideas for a much smaller military under civilian control. We discussed this issue intensively for three or four meetings, maybe a total of eight or ten hours.

The Treaties call for US defense of the Canal even after December 1999, and the US military has long used defense of the Canal as a main reason for our bases in Panama. When I was working on Panama in ARA in 1978-82, I had several times raised the question of what we were defending the Canal against. I would say I didn't see that the bases protected the Canal against Russian intercontinental missiles. The usual reply was against an attempt of Cuba or some other rogue country to damage or occupy the

Canal or against terrorists. Since the Treaties placed us in a phase down posture and the bases were useful for training Latin Americans and supporting other operations such as emergency relief hemisphere-wide, I never made much of a issue of defending the Canal. Of course in the past couple of years the US miliary had in effect been defending the Canal against the Panamanian military and Noriega. Before the Treaties the biggest threat was the Panamanian people. Our military had even killed a few students who stormed the Canal Zone. Now there was a Treaty, and the Panamanians were soon going to get the Canal, so does anyone need to continue protecting against Panamanians and would a new Panamanian military really protect against Panamanian students or other activists?

Q: Does the US military just feel more comfortable with other militaries?

BUSHNELL: Yes, but look where that got us with Noriega. The military had long believed it was a priority to train a Panamanian army to protect the Canal beginning in 2000 when the American forces withdraw. Then the Panamanian military would be the first line of defense against whatever this imaginary threat might be. One of the great dilemmas in our whole Noriega policy was this great thrust in the American government to train and improve the Panamanian military at the same time that we were virtually at war with the Panamanian militarNoriega's troops. All through the 1980s there was an intensified training program for the Panamanian military, preparing them to replace the American military, at the same time that our relationships with the military government were deteriorating and our troops were even loading and locking facing their troops. It's somewhat a commentary on the difficulty Washington has seeing underlying problems and trends that, as far as I could identify, nobody in Washington had ever really addressed the issue of identifying the threat against which the Treaties, our forces, and friendly Panamanians might protect. Thurman developed a plan that would take down all the main Panamanian military forces, but no one in DOD or State even thought about a plan for what would happen with a Panamanian military thereafter. Perhaps everyone assumed we would play a major role in training a

new Panamanian military so it would not be a problem without remembering that we had played a very large role in training the military that was such a problem in 1988-89.

Thus it fell to Thurman, Arias, and me in our little evening working group to decide what, if any, military Panama would have in the 1990's. With a decent police force, which we were planning to develop, I couldn't see any threat that required a military. Of course permanently eliminating the military didn't set too well with General Thurman, although I must say that he was prepared to think about it. His staff was totally aghast. I think they were so shocked they did not think it could happen and thus did not rush for Washington support for a new Panamanian military based on their “good” guys. I had a couple of private discussions with Max Thurman during this decision week. We agreed any Panamanian military should be shaped to meet likely threats. He quickly agreed that terrorists or political activists were more appropriately handled by a police swat group. He said military should meet other military. I said this is a peaceful hemisphere. Panama is protected by massive jungles from Colombia, and its other border is Costa Rica which has no military. Finally I pointed out that Panamanians might argue they needed a military to give them leverage with the United States, for example to assure we turned over the Canal on time. However, I said neither he nor I should touch such an argument, and our friends were not making it. In fact they clearly preferred the US military to any Panamanian military they had ever known. Moreover, I said Thurman's brilliant plan had just demonstrated how effectively and quickly we could come to the defense of the Canal if we ever needed to in the future. Before the week was out, Thurman agreed and concentrated the efforts of his staff on developing a plan for a police swat force, which I agreed could number four or five hundred.

Arias got his side on board. I shall never know whether Arias or I first came to the radical conclusion that Panama needed no military. I had decided not to communicate with Washington while we were considering this issue because I knew this issue would cause great humming of bees and great disagreements within departments and between departments; we would get no guidance except to stall, and we needed to make decisions.

We had to do something with the prisoners who did not want to join the police force. The exiled officers were eager to organize a new army and get hold of weapons. Thus in three or four meeting during less than a week our little five-man working group, President Endara, VP Arias Calderone, VP Ford, General Thurman, and myself, decided Panama didn't need a military and we would disperse the military personnel that were not suitable for the new police force. To this day there is no military in Panama, and the Panamanians are proud of their peaceful credentials, not to mention all the money they have saved. Even when the Torrijos/Noriega party later won the presidential elections and control of the Congress, it did not reestablish a military, although some more heavily armed jungle or border police have been added to work on security along the Colombian border where Colombian guerillas have sometimes come into Panama.

Once we had made the decision, I drafted and sent a limited-distribution cable to Washington, laying out the decision and the rationale. I said little about my role or General Thurman's. My friends in the State Department told me by phone, “This is explosive, difficult, impossible. All these years we have devoted all this effort to defending Panama. Who's going to defend it in 2000?” I suggested we had planes, ships, and Treaty rights beyond 1999; we showed we could have a lot of forces in Panama very quickly. We landed 12,000 shooters there in an hour. I was much later told a sharp cable ordering that a new military force must be established was drafted in Defense and sent to State for clearance but then withdrawn because, according to the rumors, when the issue reached Secretary Cheney, he said, “What! You want another Noriega?”

Q: You have talked about the manning of the State component of the embassy. Did you have personnel from USIA, CIA, and other agencies?

BUSHNELL: The AID office had basically been closed. We had only a small Panamanian staff in the AID office. Because Panama was a relatively rich developing country, there was little justification for a bilateral assistance program except for some training grants. We had one senior military attach#, Colonel Layton Dunbar, who had a small American

staff. This staffing was an anomaly because the attach# was not allowed to have any relations or do any business with the Panamanian government while SouthCom did all kinds of business, including training, with the Panamanian military every day. Dunbar tried to maintain contact with the few attach#s of friendly countries who were also snubbing the local military. Similarly the small Military Group had little to do; its couple of officers had been moved to live on the bases because their positions had been cut to come down to the 60 ceiling. We had one American in USIS, Bill Barr, and usually one TDY USIA officer present. The Panamanian employees in USIS were exceptional; they were highly motivated to work against Noriega, and they turned out a tremendous amount of work, mainly publications and press releasethe free press of Noriega's Panama. The intelligence presence was substantial for a small country where many intelligence agencies also had large offices on the bases, and they had large numbers of TDY personnel. DEA, Customs, and INS had closed their offices to meet the policy and the ceiling, although DEA had several officers attached to SouthCom, including those who finally arrested Noriega.

Q: Ambassador Davis wanted to come back to Panama all through the period before the attack?

BUSHNELL: He told me in Washington, when I was preparing to go, that he was eager to get back. He had been living with his daughter in nearby Virginia for several months with little to do. As a political ambassador he found it hard to fit into the work of the Panama desk although this was an overworked small office. But he recognized that we were trying to keep other ambassadors out of Panama to keep the pressure on Noriega tactic he supporteso of course he could not go back. I do not believe he played any role in selecting me as his DCM; I had met him earlier while he was ambassador to Paraguay, but I did not talk with him in 1989 until a couple of weeks after I had been selected to be charg#.

Q: Did he come back in January?

BUSHNELL: No, he came back in December. He arrived back the Friday morning after the Wednesday attack, the same day that I was in the battle at the Traffic Building. In fact when my convoy of vehicles came under heavy fire, Ambassador Davis, who had arrived in country a few hours earlier, had just departed the embassy to go to a military commissary to restock the residence. He also had two DS security agents with him, and there was considerable chatter on the radios as my agents advised his agents to take him back to the embassy or at least to stay far away from our location. His return was convenient for me because I was so busy with the new government and our military that I had had almost no time to work on getting the embassy back in operation. He provided leadership at the embassy so I did not have to squeeze in time to make sure it was recovering. In fact the consular officers and others in the embassy did a great job of handling a couple of difficult American hostage situations and in working with the task force in State to locate American citizens and others for whom there was great concern. Ambassador Davis directed these activities.

Q: This is Thursday, December 10th. John, I think we're about to conclude our discussion of Panama. Would you have any further comment about Panama before the time of your departure?

BUSHNELL: I guess we should finish the story on why I left quite soon. I was told on December 21 that Ambassador Davis was coming back briefly but I would then be named ambassador to Panama. A couple of days later I was told during one of my frequent phone conversations with the Panama Task Force that a full package of appointment papers had to be completed immediately.

Q: For the ambassadorial nomination.

BUSHNELL: Yes, they wanted me to do a full package even in the midst of the crisia current financial statement, a new form for a security investigation, a list of my publications, and all the many pages of documents required by law and mainly informally

by the Congress. On Christmas evening I called my wife and explained what was happening and what papers she should begin working on. The next day I asked Dick Wyrough, the Panama Country Director, to have members of the Panama task force work with my wife to complete the paperwork. To this day my broker reminds me that he worked on New Years Eve to complete the financial statement with the year end values.

Then Larry Eagleburger, the Deputy Secretary, called me between Christmas and New Years and said they'd been thinking about my appointment and they really wanted somebody as ambassador who could take the lead in getting an AID program for Panama through the Congress since it would require separate emergency legislation. Thus they wanted to move Deane Hinton, who had been ambassador to several countries, from Costa Rica where he was ambassador to Panama and then send me to Costa Rica. Larry said San Jose would be a great retirement post. I said I thought that was not a bad idea because I don't think people that go through a crisis should stay too long in the country. One becomes too associated with the crisis. Yes, one may have exceptionally good personal relationships with the new government, but there are certain to be quite a few people who will want to blame you for whatever goes wrong. Moreover, I had been quite high visibility and thus could be a target for any crazy Noriega supporter who was determined to get some revenge. DS had recommended that I leave Panama as soon as possible.

Q: Besides, I think San Jose would be a welcome relief.

BUSHNELL: It would certainly have been a welcome relief; four hours days are much more restful than 18 hour days. Then Larry said they would do both moves as emergency recess appointments while Congress was out for the holidays. I said, “That certainly makes sense to get Hinton down here and working on the AID package immediately because we want this Congressional legislation in February, but do you really want me to leave immediately and go to Costa Rica?” He said, “No, we want you to stay until Deane is well settled.” I asked, “How are you going to justify the recess appointment if I'm not

going to Costa Rica right away?" He said, "Well, I guess we can't do that. We'll have to just process you normally."

Q: All this was in a telephone conversation?

BUSHNELL: Yes, it was in a five or six minute telephone conversation in a backroom at the press briefing center where I was in the middle of a press conference. I was called out of the press conference to talk to the Deputy Secretary, and then I immediately went back to continue the press conference. It was a press conference where I may have announced something that turned out not to be true. Just before I went to the morning press conference, General Thurman told me that they had just captured Michael Harari. Harari was a former Mossad agent, if there is such a thing as former Mossad. He had been a close friend and associate of Noriega for many years and had served Noriega in many ways. He had trained Noriega's security people in the early 1980's; he had supposedly been involved helping the contras when Noriega played all sides in Nicaragua; about 1985 Noriega sent him as honorary Panamanian consul in Jerusalem. He was often in Panama and was reportedly a Noriega link to several intelligence services. Some in the press believed he was the eminence gris behind Noriega. Certainly he had done many good deeds for Noriega; just what, if any, links he had had to US intelligence I never knew, but by the mid and late 1980's he was clearly no friend of the United States. We had been after the Israelis to stop his activities. They claimed he was retired and thus out of their control.

I was delighted to hear we captured him and asked if I could announce the capture as I had reluctantly agreed to do this press conference although I had no real news. Thurman said, "Sure." I had no idea what we or the Panamanians would do with Harari; at least he would not be able to help Noriega escape from the Nunciatura where he was by then. In the course of the press conference I said that we captured him. That was big news all over the world; the Americans captured Harari, Noriega's closest intelligence advisor and formerly Mossad. It turned out by the end of the day we didn't have him. The story I was

given, of which I'm more than a little skeptical, was what we captured was his driver, and we thought it was Harari himself at first. We may have captured him, and he convinced our military officers that he was his driver, or perhaps it was a matter of intelligence courtesy that he departed the scene. Anyway we ended up not having him, which was a little embarrassing because I had announced that we had captured him. Thurman was mad, but he told me he never could get to the bottom of this incident. It was during that press conference that I was called out to speak to Eagleberger and learn I would not be staying in Panama. Perhaps my career would have had better late innings if I had kept quiet and allowed an interim appointment to Costa Rica to move ahead. I could have gone to San Jose as soon as Deane departed and presented credentials and then come back to Panama for a couple months. I stayed in Panama until the middle of March while Deane Hinton was able to staff up the embassy and get a replacement for me. I departed on a Friday to begin the FSI ambassador's course on the following Monday.

Q: Hinton arrived in January?

BUSHNELL: Deane arrived in January and then soon went to Washington to work on the AID request; then he went back to Costa Rica to close out there, so I was charg# much of January and February before he arrived with his family the middle of the month. I continued to do a lot of the coordination with the military and the new cabinet after Deane's arrival; by the time I left there was much less of this coordination to do and most things had returned to normal.

Q: You had known Hinton before?

BUSHNELL: Oh yes, I had known Deane for many years. I first met him when I was economic officer and AID program officer in Costa Rica in 1965 - 1968 and he was AID mission director in Guatemala. During that time we were two of the three members of a US task force looking at how the tax system in Central America could be improved and standardized, and we had several meetings. For part of the time I was on the NSC staff

he was on the White House Economic Council. When I was in Treasury, he was for a time ambassador at Zaire. We at Treasury consulted closely with him and encouraged him to stand up against corruption, which he did and promptly got PNGed [declared persona non grata] by the Zaire dictator. When he was going to El Salvador as ambassador in 1981, he asked Chuck Cooper and me to join him for lunch to discuss how one uses supporting assistance to move a war economy forward based on our Vietnam experience. I told him I had been trying to use our assistance to build infrastructure projects and not just pay government salaries as we did too much in Vietnam. Then, of course, he was Assistant Secretary for economic affairs. So I knew Deane fairly well, although we had had a major disagreement just a few weeks before he was assigned to Panama.

Q: What was that about?

BUSHNELL: Personnel. The economic counselor in Panama as well as other senior officers wanted to leave, so I was desperately looking for replacements. No one was available outside the normal assignment cycle. Because Panama was a national priority and State's inability to staff even the few positions it had within the 60 ceiling was embarrassing, the Director General of the Foreign Service promised me he would break assignments if I could find officers willing to move to Panama. I tried to recruit several officers, but no one wanted to come to a tense post where no family could accompany and officers could not even bring in cars. I asked personnel for a listing of tandem couples, both spouses working in the Foreign Service, as I thought a tandem without children at home might be attracted to Panama and I had enough openings that I could probably place both spouses and solve two of my problems. Then I thought of John Dawson who was economic counselor in San Jose. I knew John's work was excellent as he had been in the economic section in Buenos Aires for three years, and he was married to Susie Dawson who had been my secretary in Buenos Aires and had also been a secretary in the ARA front office when I was there. I called John in San Jose and asked if I could persuade him and Susie to break that assignment and come to Panama. The Dawsons do not have children. John said he would be interested but only on one condition. I needed

to get Susie back in the regular Foreign Service. During a previous assignment to USUN Susie had needed to take time off to care for her dying father. She asked for six months or so leave without pay; her request was denied, and she was forced to resign from the Foreign Service to care for her father. After her father died, she wanted to come back into the Foreign Service to continue working as a secretary wherever John was assigned. She had been trying for two or three years to get back into the Foreign Service without success although Hinton had her working most of the time as a special temporary hire in his office.

ARA checked on Susie's status and said all the papers were complete and in order but the rehiring had simply bogged down in the personnel bureaucracy. I then called Bill [William Lacy] Swing, the senior DAS in Personnel, and said I had a package that would solve two staffing problems in Panama. If Susie were rehired, she would take one of the two front office secretary jobs and John would come immediately as economic counselor. I asked Swing if he could make these personnel moves happen. He said he did not see why not as the Director General, Perkins, had promised to break assignments.

Q: Who was this? William Swing?

BUSHNELL: Swing was just leaving to be ambassador in South Africa. Earlier he had been ambassador in Nigeria and other African postone of the Foreign Service's most experienced ambassadors. He was the number two in the Director General's office. He called me a few times in the course of working the Dawsons' assignments to Panama. He told me a quite incredible story about getting Susie rehired. He went to the civil service official who processes the hiring of secretaries. The personnel officer said she had Susie Dawson's file but she was not processing it. “What's the problem? She'd been a Foreign Service secretary for 12 years or something. What's the big deal in processing her rehiring?” This person said, “I only process when I have three or four to process, and I only have two. I'm waiting for three.” Bill explained the situation and said, “Please process Dawson now.” She said, “No, I'm not going to process her now.” Bill said, “Well, I'm not leaving your office until you process her.” He said he sat there for about two hours. Of

course even having the big boss come down to the worker bees' offices was a substantial event; I imagine those in surrounding offices really wondered what was going on. Finally the bureaucrat processed the papers, and Susie was rehired within a week or two.

Although I offered to call Deane Hinton and tell him I was stealing the Dawsons, John wanted to tell Deane that he was leaving himself. Deane soon called me on the phone, really mad. After using some words which I won't repeat here, he said this situation was absolutely unacceptable; I was stealing away his economic counselor and he would not get a replacement for probably six months. I said, “Well, Deane, you're a good economist. You can do without an economic counselor for six months. You'll just have to do a little more work.” Oh, he was ranting and raving, “Stealing my secretary too. You can be sure I'll never speak to you again.” I said, “OK” and proceeded to arrange for the Dawsons to come right after New Years. I told economic counselor Ed O'Donnell he could leave about Christmas eve. By the way, Ed unfortunately had his household effects packed and in the warehouse next to the Traffic Building which was completely burned during the battle I was caught in. Then, of course, Deane Hinton was transferred to Panama to be my boss for a few weeks. The Dawsons arrived before he did. I was then supposedly going to San Jose which now had no economic counselor, so the tables were turned and I would have the extra work.

I met Deane at the airport with the Foreign Minister who drove us back into town. But at the first opportunity when we were alone, Deane said, “John, I owe you one big apology. If anybody's not going to speak, I guess you shouldn't speak to me.” I said, “Forget it. We both know you would have done the same thing, and I would have been mad as hell.” Once I got back to Washington in March I went to work recruiting an economic counselor for San Jose. Most assignments had already been made for the upcoming summer so there were no good candidates. As I recall, I finally engineered a switch to get someone out of a department assignment a year early. Of course, I then ended up not going to San Jose myself. The poor DCM in San Jose, J. Todd Stewart, ended up not only having to fill

in for the missing economic counselor but also for the ambassador for even more than six months. Fortunately, San Jose is a fairly quiet post.

Q: And your family had been back in Washington all the time you were in Panama?

BUSHNELL: No. When I went to Panama in October, dependents were not allowed; thus the 60 ceiling on embassy personnel meant just 60 American souls in country. I joked that the Department had a new incentive policy. I needed to get Noriega out of Panama so I could bring in my wife. A couple of weeks before Christmas, when I had arranged a schedule so all State embassy employees who wished to could spend a couple weeks with their families in the U.S. over the holidays, Thurman asked if I was going to see my wife. I said no, fortunately I had not yet been away too long. He said he would invite her to Panama and bring her down and back on his aircraft; we could stay on the base so security would not be a problem; in fact I would then be spending nights on the base which would improve my security. I checked with Kozak and Wyrough, and they saw no problem. We were proceeding with this plan when Just Cause intervened. By the end of January after Just Cause had ended and the security situation had stabilized, we recommended dependents be allowed to return. We wanted to build up the embassy staff, and recruiting was much easier for a normal post. Panama was quite family-friendly because the good DOD schools were available as well as the commissaries. The Department approved by mid-February, and Ann then came to post even though we knew we would be leaving in a few weeks. Fortunately, we did not give up our house in McLean, so when my preparations for Costa Rica turned into many months not a few weeks, we were still comfortably in our house.

Q: Had your nomination gone up to the Hill yet when you left Panama?

BUSHNELL: No. The White House and/or the Costa Ricans had leaked an intention to nominate me. The procedure at that time was not to send a formal nomination to the Hill until an informal check had been made with all the members of the Foreign Relations

committee. If there were objections, especially from a key senator, the formal nomination was delayed until the problem was worked out. When I came back to Washington, I expected the Senate process would move rapidly. I had completed all the paperwork in January. A new government was to take office in Costa Rica in May, and I hoped to be there for the inauguration, although I kept juggling my schedule because my youngest son was getting married in June and I wanted to be back in the States for that weekend. I did the week ambassador's course, for the second time. It was a bit strange when we went out somewhere in West Virginia for security training and DS had people pop up and shoot at our car as it passed and did maneuvers. I felt a little like I was back in Panama. I could tell DS its exercise was realistic except that there were no loud pings as bullets hit the car because, of course, they used blanks. One could see the muzzle flashes. Then I debriefed on Panama and tried to find out where my nomination stood. Toward the end of April I met with the Congressional Affairs people and someone from the White House who said there were tremendous objections to my nomination and asked if I were prepared to make a long and perhaps not successful fight.

Q: From where?

BUSHNELL: From Senator Helms particularly.

Q: A number of people have been blocked from jobs because of their roles during the Carter Administration. Was yours related to that?

BUSHNELL: Yes, in part. As time went on, I learned more about the underlying problem, which was a fight between Helms and the Administration in which I was just a victim..

Q: What problem?

BUSHNELL: The basic problem concerned a member of Helms' staff, Deborah DeMoss. Debbie DeMoss, although young and with only a few years foreign affairs experience, thought that with the election of President Bush she should follow in the steps of Sally

Shelton in the Carter Administration and be either Assistant Secretary for Latin America or at least Deputy Assistant Secretary for Latin America. Senator Helms supported her strongly for such a position in the Administration not only because of her work for him over recent years but because her family in North Carolina gave him strong backing and, I heard, large contributions. After she finally realized she would not get a position in Baker's State Department, she adjusted her wish list to an ambassadorship in Central America. When Hinton was pulled from Costa Rica earlier than expected, San Jose became her target, and Senator Helms gave her full support. I do not know all her considerations, but I did learn that at the time she was involved with an army attach# in the Honduran embassy in Washington, Colonel Fonseca.

Q: Why was State so opposed to giving DeMoss a position?

BUSHNELL: Secretary Baker had wisely recruited for Latin American Assistant Secretary Bernie Aronson, a Democrat who had worked in the Vice-President's office under President Carter and had been director of policy for the Democratic National Committee but had favored aid to the contras in Nicaragua and had even written a speech on Nicaragua for President Reagan. Baker wanted to develop a bipartisan policy on El Salvador and Nicaragua after a decade in which Central American policy had been one of the most contentious foreign policy issues between the two parties. Bernie of course knew DeMoss well and believed she would interfere with his efforts to smooth Central American policy. Likely she would also have continued aspiring to his job. Thus Bernie took the position that, if DeMoss were given any Latin American job, he was gone. Baker certainly did not want to jeopardize the more bipartisan approach to Central America, and DeMoss polarized issues with her hard right positions. She also had a reputation for resorting to dirty tricks to move policy her way, and such tactics would have been disruptive in the Department and even in the San Jose embassy.

Of course, De Moss' desire for the job was not the problem presented to State or White House Congressional relations people. The main stated problems carried forward

from my time in ARA when I had defended Central American policy during the Carter Administration, neglecting the fact that I had also defended the Central American policies of the Reagan Administration. In short I was one of those who lost Nicaragua and warmed up to Cuba. Helm's staff also dug up the exchange about land reform in El Salvador which I already mentioned; frankly I doubt he remembered misinterpreting my comments to imply that I favored land reform in North Carolina. Apparently the land reform exchange and losing Nicaragua did not resonate with their Democratic colleagues, so Helms' office came up with the really preposterous charge that I had leaked the military operation in Panama before it happened. To whom I leaked it was never clear.

Q: They said you leaked the timing or the details of the military operation; what was it called?

BUSHNELL: Blue Spoon, then Just Cause. I don't know what the basis of this accusation was; I discussed it with a couple of Helms' staffers, other than DeMoss, and they said they did not have the security clearances to see the most sensitive intelligence so they did not know what the charge was based on. Secretary Baker had INR coordinate an intelligence community review of all intelligence. INR then wrote a letter indicating the intelligence community could find no evidence of a leak by me or, for that matter, by anyone else. As this issue was being debated for a couple of months, I thought it quite likely that at some point in November or December, before there was any decision on the operation, I probably said something to some Panamanians that was misinterpreted with the clarity of hindsight. I was continually trying to improve the morale of the opposition, and I would urge opposition leaders to think about staffing their government and what economic or anti-drug policies they might implement. I would say one never knows when something might happen that would change the current unsatisfactory situation. The US military might have to do something, and the opposition should be getting ready to take over. I tried to encourage them and get them thinking about practical problems that would arise. However, I never said anything about the nature of any military operation or its timing,

unless you take my bet, two days before the attack, of a lunch if Noriega was still in power in six weekhardly leaking the timing which I knew at that point.

Ironically Helms' staff got the most mileage from their Democratic colleagues for the charge that I had not warned the embassy staff of the attack and protected them. It was very uncharacteristic of Helm's staff to worry even a little about the well being of FSOs. They passed around a William Branigin story dated December 30 in the Washington Post; the main point of the story was that our military did not reenforce the embassy for nearly three hours after it came under attack by rocket-propelled grenades. That part of the story is true, and SouthCom did not help by simply saying embassy personnel may have been uncomfortable but they were not in danger. Anyone looking at the physical damage to the building would know there had been danger, although fortunately no one was seriously hurt. I shall never know why the forces that were designated to protect the embassy did not show up when they were called; such things happen in the fog of war, but I had planned for reenforcements to be quickly available. The reporter had obviously talked with some embassy officers who were mad at me because I had not told them about the attack in advance, or perhaps they were just embarrassed to have to admit to a reporter that they had not known in advance. Of course I had specific orders from Secretary Baker, and their security would not have been improved by knowing in advance. But people do like to be kept informed. Moreover, obviously I had not overcome all the morale problems I had inherited, especially among some who were there because they were scheduled only for after-Christmas visits to the United States. Two unidentified embassy employees, not necessarily Americans, are quoted as calling me “negligent” for failing to ensure the embassy was adequately protected. One of them is quoted as saying, “I consider it unconscionable, almost criminal.” The story does say, without giving me credit, that the full Marine Guard detachment was in the embassy but notes the Marines were lightly armed. Congressional liaison officers told the Congressional staff the press report was distorted and that I would respond to these charges at my hearing.

Q: How long did this drag on?

BUSHNELL: Through the summer and into the fall election period my nomination was not sent up. There were several meetings between Baker and Helms which touched on a nominee for Costa Rica, and I am told there was a lot of pressure from the White House on my behalf. I tried to get other senators on the committee to work on overcoming the problem, but none was willing to take on Helms seriously. I even got the Costa Rican ambassador in Washington to visit Helms and urge that his country was being affected by the delay. An Argentine friend who was close to Helms and regularly contributed to his foundation also visited him on my behalf. Although I did not ask him to do so, General Thurman, who is from North Carolina and had been close to Senator Helms and praised by him for years, went up to talk with Helms on my behalf even though Thurman was hardly out of the hospital where he was treated for serious cancer. Helms told him he would look at my situation carefully. I had not taken a vacation during that summer to be available in case something moved, although I did take a week for a war game at Fort Bragg; guess what, I got to play the ambassador. Finally, in late October I decided nothing would happen until the next year as Congress was working only on pressing matters in the pre-election period and was going on recess in a matter of days; Helms was reportedly in a tight reelection battle, and I thought his loss could solve the problem. Ann and I went to the beach in South Carolina for a week. While we were there, I was called urgently to check that all the papers were up-to-date as Helms had just agreed not to object to my nomination and to take it to the floor without a hearing. Apparently Helms had needed some help with his reelection campaign; the White House agreed some dams or something would be built in North Carolina, and Helms agreed to move my nomination.

I was nominated November first and had a fairly large picture with a three column story by Al Kamen on the Post Federal Page. Under my picture was a quote from an unnamed administration official, “His life had been on hold for eight months for allegations that have no basis in fact.” The headline read, “In Waning Hours of Congress, Bush Names

Bushnell Envoy, Diplomat's Promotion to Costa Rica Post Held Up by Sen. Helms." I may be the only person ever nominated to be ambassador anywhere from the Honolulu White House, because, as it happened, they had to nominate me right away because Congress was going out in a matter of hours and the President was on a trip in Honolulu. Thus my nomination was announced in Honolulu. Helms did take it to the floor, but unanimous consent was needed under the rules for such last minute actions. Senator Dodd objected because there hadn't been a hearing. I heard DeMoss worked with her Democratic colleague on Dodd's staff to get the objection, although it was reasonable on its face.

Q: On most issues, of course, Dodd and Helms disagreed.

BUSHNELL: Well, on approving my nomination by unanimous consent they also disagreed since Helms then briefly favored it. If Helms had approved some months or even weeks earlier, there would have been time to have a hearing and proceed normally. Congress adjoined; Helms won reelection in a close race. I and ARA assumed I would get a hearing in January or February once the new Congress got organized. In January there was a meeting of our Central American chiefs of mission in Washington, and I was invited as the Costa Rica ambassador nominee. I was certainly familiar with all the issues as I had had little to do but follow Costa Rican affairs for nearly a year. I had even learned the names and backgrounds of the entire Costa Rican cabinet and much of the assembly.

At the end of January Kamen and Ann Devroy ran a well informed story in the Post about upcoming ambassadorial appointments leading with two career officers, Burleigh to defeated Iraq and Seitz, the first career officer to London. This story said the Administration had not decided what to do with me. It reported I had been considered for the Dominican Republic, but Helms sent back word that I "will be held up for any diplomatic post anywhere in the world." This story was the first and only thing I ever heard about the Dominican Republic and was the first I knew that Helms had resumed his opposition to me now his election was over. The Congressional relations officers told me my nomination was out of their hands and Secretary Baker and the White House were

handling it. Sometime in February Deputy Secretary Eagleburger invited me to his office and told me Helms was again raising objections. He said his relations with Helms were also bad and he could not help. He suggested I work the problem with ARA, which I took as a suggestion I try to get Aronson to give DeMoss some job. I tried out some ideas on Kozak and Aronson, but they wisely believed she would be disruptive anywhere in State and even in the OAS.

In March there was a meeting between Baker and Helms in which they agreed that neither's candidate would get Costa Rica and somebody else would be sent. Luis Guinot, a political appointee from Puerto Rico, finally filled the ambassador's slot in San Jose in August 1991 after it had been vacant for more than a year and a half. Baker asked Personnel to look for something else for me. However, since planning for ambassadorial slots begins a couple of years ahead, there were no such slots open in 199l or even spring of 1992. After a few weeks Personnel asked if I would go as Charg# in Liberia where a civil war was underway. Personnel was apologetic as Liberia, like Panama when I went, was too dangerous for dependents and two such unaccompanied posts in a row is unusual. However, I needed a job; I agreed, checking that the tour would not be long. There was then a debate about closing the post in Monrovia, and my going there soon faded. I did a few odd jobs for ARA and M and waited. I assumed I had a good reputation with all State's principals so something would come along.

I did not focus on the fact that my limited career extension, which was required every three years, was expiring; I had been an FSO-l since 1976. In 1990 and 1991 few, if any, extensions were granted because of an effort to reduce the size of the Foreign Service. Probably when extensions were considered, Personnel thought I was going to Costa Rica so I would be out of the Service and would not require an extension. About June the Director General called me to his office and told me I had not been promoted to career minister. This news was not a surprise, since I had not yet served as a regular chief of mission which is almost always a prerequisite for making CM. Then he asked why I was not retiring as my extension would expire the end of the month. I was shocked. He said he

understood my career had been upset by the confusion about Costa Rica and he would give me a special extension so I could wait until the middle of January to retire.

Q: What happened to Helms' Latin American expert?

BUSHNELL: She never got a job either. She married the Honduran colonel and went to live in Honduras. She was promoting him for Honduran President but didn't get too far in the last Honduran election.

Q: Baker specifically mentions you in his book as a very deserving Foreign Service Officer who didn't get an ambassadorial appointment.

BUSHNELL: That's a good consolation prize. If it were up to Baker or to the President, I would have gone as ambassador either to Costa Rica or somewhere else. I think they selected Costa Rica simply because they were moving Hinton from there so it appeared to be open.

Q: One normally would think that support from the Secretary would be more than marginally useful. Is there any way we can immunize professional diplomats from this kind of arbitrary treatment?

BUSHNELL: No, it's our system. We have a fairly unique system under which all ambassadors are political appointments, the same as Cabinet members and sub-Cabinet members, with Senate approval required. Such approval for ambassadors is generally not pro forma. Foreign Service nominations, military promotions, and some other categories also require Senate approval, but it is really rare that the Congress acts against any of these proposals. Thus ambassadorial appointments are the one area that has traditionally been pork in the US political system. In other countries it is not unusual that small handfuls of major ambassadorial appointees are outside of the career system. In many countries ambassadors are all career. However, few countries have as much separation of powers between the executive and the legislative branches as the United States. On balance

I support such a separation of power as strengthening democracy. If ambassadorial positions are going to be political pork, there will be abuse by both sides. Presidents will nominate unqualified individuals for political or personal reasons, and the Senate will block some nominees as a bargaining tactic with the executive.

The political view seems to be that some people must be awarded for political contributions or service and, if they are not wanted in Washington, they can be sent to ambassadorships and it doesn't matter. A few ambassadorships have become a political dumping ground. As long as ambassadorships are subject to bargaining between the Senate and the Administration, I think there's no way around the sort of problem in which I was caught. It was politically and personally important for Senator Helms to take care of a person from a family who has done many things for Helms. Baker was not prepared to let Helms dictate members of his team. Thus it was a standoff.

It would be highly advantageous if we had a limit of 12 or even 20 political ambassadors, i.e. not career officers. There would then be less political and legislative focus on career nominations. There would be sufficient opportunity for the President to appoint non-career people who, because of their unique experience, would make good ambassadors in certain places without having so much of this dumping-ground effect. But I see no likelihood of that change in the foreseeable future although most Administrations set a notional limit of a third or less on political appointments as ambassador. Ironically the Foreign Service effectively assures there is not sufficient pressure for change because the Foreign Service takes political appointees who are inadequate and supports them so that they get an adequate job done. There are relatively few high profile foreign policy disasters caused by unprepared political ambassadors, although many smaller opportunities to advance our interests are missed. Thus the good work of DCMs and others avoids the disasters that could lead to changing the system.

Q: Except in the sense that I know disasters often happen to the DCMs who work under some of the least strong political ambassadors.

BUSHNELL: There are officers who have been tarnished, maybe even have prematurely ended their career, by standing up to ambassadors, both political and career, who badly needed to be challenged. However, the more normal thing is that weaker ambassadors know that there's a lot they don't know and they look to their DCMs and to other career people for help and guidance.

Q: Very often political appointees don't understand about efficiency reports. It's very competitive at the DCM level. Sometimes they let the DCM write his own.

BUSHNELL: Yes, an inexperienced ambassador can mess up a DCM's career simply because he does not understand the game of efficiency reports. So many political ambassadors in important countries is unfortunate and outdated, but this pork is part of our political system, partly because there are few other pork appointments available. Ambassadorships are perceived to be prestigious and enjoyable, and not many jobs in government come with a house, servants, a driver, and the other perks.

Q: Did you have the sense while you were dangling out there twisting in the wind that somebody was fighting for you? Or were you just out there?

BUSHNELL: The White House and Baker were fighting for me and the Congressional relations people in State, who were very close to Baker.

Q: Within the career establishment?

BUSHNELL: Within the career establishment outside ARA I had little support. Kamen wrote that many in the State Department said, “Kill it (my nomination), its not worth the fight”. I had not known until well after I returned from Panama that Personnel had had another candidate for Costa Rica who was beginning the long process for State, White House, and Congressional approval to be ready to replace Hinton who was slated to retire about the end of 1990. This candidate had not yet been approved by the Secretary, or even the ARA assistant secretary. Thus, when I was proposed by the White House and

Secretary, it was like a political candidate being imposed on the personnel planners. I don't think anyone tried to sabotage my nomination, but it wasn't the personnel plan, and it created problems for planning, especially for assuring minority groups ambassadorships.

Q: Who was that candidate?

BUSHNELL: For Costa Rica it was Fred Rondon. He'd been ambassador in Ecuador and Honduras and was in the inspection corp. He qualifies as Hispanic.

Q: Were you sitting in ARA or M?

BUSHNELL: I had an office in ARA, a tiny office. At first I was debriefing on Panama and studying up on Costa Rica. As time went on, I was asked to do some things by M, which I did. But I continued to have my office in ARA until I retired.

Q: Who wrote your efficiency report?

BUSHNELL: The last efficiency report covering my work was signed by Aronson and largely written by Kozak, covering my work in Panama.

Q: Did Hinton write anything?

BUSHNELL: Yes, he nominated me for a second Herter Award. Of course that is an AFSA award not something in the FS personnel system. He thought that eliminating the Panamanian military without specific authority from Washington went about as far as one could on initiative and thinking and acting outside the box. Hinton had his staff do a lot of work in crafting the nomination to cover all my work in Panama. But I didn't get a second Herter Award.

Q: You retired in 1992?

BUSHNELL: January of 1992.

Q: Was there any special ceremony or anything?

BUSHNELL: No.

Q: Did you have any other interesting activities during that period before you retired?

BUSHNELL: A friend of mine, Ed Yeo, who had been Under Secretary at Treasury when I was there, was a senior assistant to Greenspan at the Federal Reserve, representing the chairman on various international matters. When I had been technically unemployed before going to Argentina, he had arranged for me to interview for the job of Research Director at the Fed Under Paul Volcker. I had not really been eager for the job as my command of economic theory was weak and I did not want to leave the Foreign Service. In 1990 and 1991 when I was not busy at State, I would go across the street to the Fed and visit Ed or have lunch with him. He was usually working on an interesting international economic problem, and I could sometimes suggest an idea or two. In the summer and fall of 1991 one of main things on which Ed was working was the Bank of Credit and Commerce International [BCCI]. At one point that summer Ed said, “You're not doing too much? Why don't you work more with me on BCCI which is approaching a crisis?” I said, “ I don't see any reason why I couldn't, but I guess the State Department should approve.” He picked up the phone and called Jim Baker, a friend of his. Baker said, “Yes, that's okay,” so I had approval of the State Department, even if no one in Personnel knew about it.

Q: What were the issues on BCCI?

BUSHNELL: There was growing evidence that BCCI was in serious trouble. One problem for the Fed was that no central bank anywhere in the world seemed to be responsible for supervising BCCI. Various parts of BCCI were based in the UK, Luxembourg, Grand Cayman, and the Middle East. It had purchased some American banks such as First American. However, no one had an overview of all its operations to judge whether or

not its capital was adequate. We determined that substantial parts of its portfolio were in default. BCCI was fascinating because it had been developed by Pakistanis in the Middle East, backed by the rulers of Saudi Arabia and particularly some of the smaller oil kingdoms. In the UK many poor immigrants from the Indian subcontinent kept their life savings in BCCI. It was a big bank. Its street reputation around the world was that it did illegal business. In the U.S. it was clearly involved in laundering drug money. Ed and I concluded law enforcement action was required. However, we were not able to get the Justice Department to do what it should, nor the British authorities, although Ed did eventually get the UK central bank to shut BCCI down. We decided to try to interest New York County District Attorney Robert Morgenthau, who was a friend of Ed. Thus toward the end of 1991 I spent a few days, a couple of visits, with Morgenthau and his staff in New York working on BCCI. Morgenthau is a legend in law enforcement, having served as Federal or City DA for a total of over 30 years with a reputation for aggressive prosecution and complete honesty. He's now 79 and would have been in his early '70s then, but he keeps running and being reelected every four years; he works every day, still mastering the complex details of the most difficult cases.

When Morgenthau heard I was retiring in January 199I guess I mentioned it, he said, “John, you're way too young to retire, and I need somebody to help if I'm going to do this BCCI thing,” which is what we were trying to get him to do. “Come up and work for me.” I wasn't looking for a job in New York, but I agreed to work for six months on BCCI. I had previously agreed to go to a conference on Mexican-U.S. relations in Mexico during late January, so I did that and then went to visit my mother on the West Coast. While I was in Santa Barbara in February, Morgenthau called and asked me to join his team going into Independence Bank in the Los Angles area, which the Feds had just closed; it was largely owned by BCCI. Thus I began working with Morgenthau when I wasn't even on his payroll yet, less than a month after I retired. We have developed several cases from material I gathered in Independence Bank.

Q: What was Morgenthau's office like?

BUSHNELL: Probably the best way to describe the prestige of the office is that, for a starting salary of less than $37,000 a year, we are able to hire all the newly minted lawyers we want from Harvard, Yale, Princeton, and two or three other leading law schools, most from the top ten percent of their class. Most of those we hire have received offers of $75,000, even $100,000, from private law firms. They join the office because they want to work for Bob Morgenthau and quickly get responsibility for cases themselves. Each year more than 2000 law school graduates and admitted attorneys apply, and 50 or 60 are hired.

Q: Living conditions are expensive in New York.

BUSHNELL: They have to love the job. Most of the young lawyers don't stay more than three or four years before their need for greater income takes them to jobs in the private sector or the Federal government wins them away with higher salaries.

Q: So how large an office does he have?

BUSHNELL: It's a big operation. We have nearly 600 Assistant District Attorneys and about 2,000 support staff whom we pay, and an additional couple hundred policemen who are assigned to assist us.

Q: And you've been there since?

BUSHNELL: I've been there since 1992. I rented an efficiency apartment in New York, just coming home weekends because it was only to be for six months. After 15 months I told Bob that just going home on the weekends was no way to live so I was going to leave; the investigative work on BCCI was about finished. He said, “Don't leave. Keep the job and just work when you want to.” You can't have a better arrangement than that. I said, “The problem is, if I'm only working part time, maintaining an apartment in New York becomes

too expensive." He said, "Fine. Stay in a hotel, and we'll pay for it." That's the basis on which I now work.

Q: Are there others in this same category of special assistant?

BUSHNELL: No, when I agreed to work for Morgenthau, he looked to see what position he could put me in; his office has its bureaucratic organization and public sector rules like the Foreign Service. He has what we would call a Schedule C position, exempt from many civil service rules, as Special Assistant, the purpose of which is to deal with his reelection. The District Attorney of New York County is an elected position. Since for the last three elections he's been on both the Republican and Democratic tickets, there's not much to do to get him reelected, so the job had not been filled for years. He put me into that job, but that is not what I do.

At first all my time was devoted to BCCI as I took the lead in developing charges against the Saudi backers of BCCI and others and then negotiating settlements and restitution. I still work on major white collar cases. I also work on what I call strategic planning, trying to find ways we can discourage crime or punish the criminals with less effort and cost. For example, I found we were prosecuting literally hundreds of young Dominican men who were caught on the streets of New York selling drugs. We would prosecute them, and the second time they were caught they'd be sent to jail for eight to ten years. We were filling up the NY jails, but additional young men from the Dominican Republic would immediately appear on the street selling drugs. We were spending a lot of law enforcement and prison money without accomplishing any reduction in crime. I said we needed to go up the chain and start prosecuting those in the organization that's putting these kids on the streets.

I arranged to talk with a few of these Dominican drug sellers. Some would not say much, but one told me his story. He came from a big family in a poor rural area. The family desperately needed money so he went to the factory in Santo Domingo. I did not understand what this "factory" was so I asked what he did there. He explained. First they

talked with him and asked if he could carefully follow directions. Then they cut his hair; they gave him pants and a shirt and told him to grow a bigger mustache. After a few days they gave him an American passport with a picture that looked pretty much like hithe clothes, haircut and mustache matched. They put him on a plane to New York. He was told to look for a man in a yellow hat after he got through the customs and immigration using the US citizens line. The yellow-hatted man took the passport and sent him to an apartment in town, where he was instructed on selling drugs. We worked hard to break up this business. Despite my many hours with Immigration and other Justice officials, we got little cooperation from the Federal authorities who have the responsibility of controlling immigration. Eventually we indicted several of those running the New York operation and even a few of the bosses in the Dominican Republic, a couple of whom unwisely made a visit to New York which turned into a one-way trip to a New York jail. We are still prosecuting Dominican drug peddlers, but not nearly so many.

Often I am surprised at how things work out. Mayor Giuliani was and is gung-ho on reducing crime, and he has made great progress in reducing crime in New York City. His theory is that efforts should be made to enforce laws against minor crimes because breaking the criminal habit is the best way to reduce all crime. At one point he wanted the police to pick up and he wanted us to prosecute people who went into the subway without payinthe turnstile jumpers. Well, our young lawyers were in a great uproar because they would have to go into court with these turnstile jumpers and spend a couple of hours. Then, if the arresting officer came to court, the person would be found guilty and fined maybe $35.

Q: Oh, the lawyers on Morgenthau's staff?

BUSHNELL: Yes. Our lawyers were aghast at having to prosecute these subway turnstile jumpers. Bob asked me to work on the problem. I met several times with the police chief and his staff, and we agreed on a plan. The police would place officers in the subway stations to catch people jumping the turnstile. They would take them to the police station

and process them slowly. Take their fingerprints and photo and place them in the system to see if they had a criminal record. Thus the turnstile jumpers would have to wait a few hours for the results to come back from Albany. Then the police would let them go. Most people wouldn't think saving a buck and a half was worth spending a half a day at a police station. The policemen would not have to go to court, nor would DA attorneys. That procedure was set up. After a week or ten days I attended the first review. We got an amazing unexpected benefit. When the police identified the several hundred turnstile jumpers who were caught during the first few days, they found 40 percent were wanted; they had criminal arrest warrants outstanding; two were wanted for murder. Most were wanted for failure to pay child support or similar things. There they were in police custody and then put in jail, not for turnstile jumping, but under the pending charges. Very quickly people, especially criminals, stopped jumping turnstiles. Thus we accomplished the objective in a more efficient and effective way.

Sometimes we react at the local level when the responsible Federal or national institutions do not do their job. For example, a few years ago corrupt stock brokerage operations, which sold worthless stock to the retired and other inexperienced investors, became a real epidemic. A movie was even made about these bucket-shops. Mongenthau asked me to see if we could not develop the capability to do something about a crime problem that was tarnishing the reputation of one of the largest industries in New York. I worked with some of our most experienced detectives and pulled together some bright young lawyers to form teams to prosecute some of these corrupt brokerages which the stock exchanges, the SEC, and Justice did not seem capable of doing. Initially we broke several rings of test-takers. Corrupt brokers would pay an experienced broker to take the test for new recruits so they would qualify for brokerage jobs. The NASD control was so poor that I found one case in which a 65 year old man presented the identification of a 24 year old and no one noticed. Once we arrested some of the test takers and those hiring them, we developed a number of cooperators who told us what went on in the most corrupt firms, and we could move in on them. These cases are complex and time consuming. We prosecute mainly

under the criminal statutes, not the security laws, which are Federal, although New York does have a parallel statute.

Q: And it's strictly up to you when you go up there?

BUSHNELL: Yes. Ann and I like to go to Florida for a month in the fall to enjoy the beach and be with the grandchildren, and I block out that time. Otherwise my work schedule depends on what's happening on things I'm involved with. If there's a lot going, I try to be there much of the time. If it is slow, I'll do two or three day weeks and take August and December off.

Q: Is your Foreign Service background relevant to this? It's kind of a different area.

BUSHNELL: Many of the cases I work on have major foreign involvement such as BCCI, prosecuting the Venezuelan bankers named Castro, or Argentine and Brazilian bankers working for institutions in New York. Thus my foreign experience is often valuable. Uniquely for a local prosecutor's office we have a lot of relations with foreign police forces and prosecutors. I've traveled many times to countries in Latin America and Europe in connection with this work. I've also spent more nights than I like to remember in the diplomatic activity of going out in New York with visiting foreign law enforcement officials to develop relationships. Such relationships pay off in the long run, particularly when I pick up the phone and get needed documents, surveillance, or other evidence from around the world. Some say Morgenthau has his own mini-State Department dealing with law enforcement agencies worldwide.

Q: You were involved in the indictment of Clark Clifford. Do you have an insider view beyond what's in the public domain? Do you think Clifford was directed or just naive?

BUSHNELL: As it turned out, I lost the key argument on Clifford and Altman.

Q: Perhaps Clifford just did not pay attention.

BUSHNELL: No, I am sure he knew what was going on; the evidence shows Clifford's direct involvement on major decisions. For the prosecution the key question in this case and in many others is just what to charge, how to fit the behavior to the New York laws which are, of course, written in quite general terms. Clifford and Altman arranged with BCCI to receive a large amount of First American stock on favorable terms which was later sold to give them each multi-million dollar profits. The issue was what was BCCI compensating them for. Most of our lawyers wanted to charge this payment as a bribe. It came soon after Clifford and Altman had played a major role in getting the Federal Reserve to approve purchase of a Georgia bank. Thus these lawyers wanted to argue the payment was in whole or part a bribe for lying to the Fed in the documents they produced. I thought the payment was for all the services Clifford and Altman had given BCCI over several years. Recruiting Clifford, seen by some as the father of Israel, for BCCI, the Arab bank, was itself quite a coup. Clifford was seen by many as giving BCCI prestige and political entry in the United States. Much of what he did was legal. Thus I thought we should charge a conspiracy to defraud the Fed and others to bring Clifford and Altman into the enterprise corruption case we built against the executives of BCCI. The bribery statute deals with payment for a specific act. However, I was fairly new to the office and not a lawyer. They were charged with bribe receiving and other crimes, and Altman was acquitted. Clifford was too ill to stand trial. At trial there was testimony that showed he knowingly lied to the Federal Reserve, but amazingly this testimony was then undermined by a Federal Reserve witness virtually saying they knew he was lying.

Q: They were just basically afraid of Clifford because of his big influence or his political clout?

BUSHNELL: We heard various stories about problems in the Federal Reserve surrounding First American's applications. I don't know what the truth is.

Q: It's kind of disturbing.

BUSHNELL: It is disturbing. Some people in the Federal Reserve did know BCCI through Clifford and Altman was lying. That's not good. In retrospect, what we should have done is charged the Federal Reserve at least as an unindicted co-conspirator and put them on the other side, explosive as that would have been. But we did a joint prosecution with the Federal Reserve. Clifford was smart, but he wanted to be a banker, not just a lawyer and fixer.

Q: And you're enjoying this work and expect to continue doing it?

BUSHNELL: I enjoy it. I'm not committed to it long-term, but I shall see what interesting things come along. I don't know how much longer Morgenthau is going to be there.

Q: In retrospect, six years after you retired, how do you feel about your Foreign Service career?

BUSHNELL: It was a great career. I was blessed by being in interesting places doing interesting things almost my entire career. There were always interesting problems, and I enjoyed the challenge of finding imaginative solutions to move toward US objectives. Fortunately, I had relatively few disastrous situations, and, although shot at, I was never really injured. I found it a marvelous career.

Q: How about Ann? How does she at this stage assess her role as a Foreign Service spouse?

BUSHNELL: She did her own oral history. She should speak for herself.

Q: What do you think of the Foreign Service career as it affects children growing up?

BUSHNELL: There are pluses and minuses. There are now American schools or school arrangements in a majority of posts which provide education at least as good as fine schools at home. The learning experiences of living in other cultures and languages

are certainly big pluses for kids growing up. However, there are still many posts where adequate schools are not available, and there are posts where security is a big problem. In these situations the Foreign Service puts a big strain on family life. Moving around every couple of years, sometimes on short notice, can be a major problem although the Foreign Service is no different from many private employers which also require frequent moves. I happened to have a very long period in Washington when my kids were in school, so most of their schooling was here.

Q: What happened to your kids?

BUSHNELL: All three have reasonably good lives. None of them has done anything that is related to having lived abroad or languages or anything like that. One is an arborist, taking care of trees. One is a minister in the Baptist Church, and one is an assistant veterinarian. The minister does lead occasional foreign missionary type trips both to Latin America and elsewhere.

Q: What was your proudest achievement in the Foreign Service?

BUSHNELL: I've never thought about a single proudest achievement. The culmination of my career was the use of the various skills I had acquired over 30 years in the management of the situation in Panama during the tricky period before the attack, the attack, and getting the new government going thereafter. In particular I am proud of getting the relationships with our military right in this sensitive situation where the deficiencies in the civil/military relationships had been a problem for a long time. I am also proud of what I was able to do during five years in Argentina to turn around both US relations with Argentina and, underlying that, to change Argentina in terms of nuclear non-proliferation, the role of the military, democracy, and economic policies. I just got back from ten days in Argentina the week before last, and it is clear that many of the things which I worked on, and didn't seem to be getting very far in the first half of the 1980s, have come to fruition.

I'm happy to see many of the seeds I planted, which were struggling sprouts when I left, have turned into big oaks.

Q: What was your greatest disappointment?

BUSHNELL: Never becoming an ambassador. Two governments, Chile and Costa Rica, approved by appointment, and I attended the FSI ambassadors' course twice. I heard about being seriously considered at least in State for Peru, Uruguay, Paraguay, Brazil and the Dominican Republic. For a few days I was the candidate for Panama. In retrospect, I think the turning point was when I was supposed to go to Chile as ambassador during the Carter Administration. One can always dream about rearranging history, but, if Carter had been reelected, I think I would have gone to Chile and my career would have been quite different. At the time I wasn't very disappointed because I thought there would be another opportunity as I was not yet 50, but in retrospect I think that was a turning point. Costa Rica wasn't so much a turning point. There wasn't all that much to do in Costa Rica. It would have been a nice phasing into retirement.

Q: Institutionally what do you think is the biggest problem for the Foreign Service?

BUSHNELL: I don't think there is nearly enough training for the key job of senior diplomats, which is coordinating US activities in a country and organizing imaginative and long-term approaches to advancing multiple US objectives. Foreign Service officers are not prepared in any systematic and institutional way, other than learning on the job, for the most important roles of diplomacy abroad. Although good officers absorb a lot from their bosses over the years, institutionally a lot more could be done to educate both middle-level and senior officers. I was fortunate to have a number of assignments, including at the NSC and at the principal DAS level in State and Treasury, which helped me focus on US objectives and means to achieve them. Most officers do not get so much policy experience, but FSI could provide much more training by looking at best practices for attaining various diplomatic goals in different situations and teaching based on this experience and analysis.

The military does a lot with war games. FSI could conduct diplomatic, or should we call them peace, games which would do much to improve coordination skills and increase understanding of different agencies' capabilities and limitations.

Q: I think there's a real question how much you can train people to be diplomats. There's a lot of ambiguity in what we think the word 'diplomacy' means. Paula Sharp, professor of political science at the University of Minnesota, wrote an article for the fall 1997 issue of International Journal which discussed the role of diplomacy in trying to construct a world order which would circumscribe the arbitrary autonomy of individual governments. What do you think of that issue?

BUSHNELL: I read the article. It's a difficult and broad issue on which there is no consensus in our country. Most politicians and other opinion leaders believe US foreign policy should proceed largely unilaterally or with regional like-minded groups such as NATO or the OAS, seeking allies where they can be found on each issue, or at most working together with other democracies where we share similar views, for example on human rights. Some take a broader and perhaps longer term view and think US objectives would be served by developing something which might be called world government, although even the strongest supporters stay away from that terminology. That's a debate at home. There's nothing wrong with Foreign Service officers paying a lot of attention to it and even participating in it at home. But it's not central to what Foreign Service officers do on a daily basis. There is no consensus in the U.S. that would support FSOs working actively toward a broad objective of world government. Some agreements and arrangements which we negotiate for their own sake may eventually be building blocks in some expansion of world government, but our focus should be on the narrower purposes of such agreements at least until a greater consensus on the broader question develops at home. In my view Americans will not favor greater “world government” until the UN problem of one country, one vote is solved. Americans will not be forced to follow policies

voted over our objection by many little countries or by countries which are largely not democratic.

What is missing from the academic debate is concern with or even understanding of foreign policy at the nuts-and-bolts level where FSOs operate daily. If the innovative community in the U.S. were ten percent as helpful in improving tools for FSOs to do their jobs as it is in supporting military missions, there might be a quantum improvement in our effectiveness. Similarly, if the intellectual community understood what the civilians in embassies do and how this work advances long-term US objectives, there might be much greater support for increasing the State budget, or at least moving some marginal resources from military to diplomatic use.

Q: Diplomacy is key to the interface between nations and relationships one country to another. People have to pay attention to diplomacy.

BUSHNELL: It seems to me there are two broad lines of activity which are both called diplomacy. One is the setting of US policies to apply across the world and to individual countries. That's basically done in Washington. There's lots of input from the field both in terms of information and background and recommendations, but it's basically a Washington function to set the policies. For more minor countries people in the field may get a bigger input at the margin because there's nobody in Washington interested. Then carrying out or implementing the policies is the heart of what the Foreign Service does, including most importantly getting other sovereign countries to adopt policies that are consistent with and supportative of our policies. In the field embassies should focus resources from all agencies on key US goals and seek constructive and imaginative means of moving the host government and the public toward our goals. The longest journey begins with the first step, and in some cases only great efforts by the embassy will move the local authorities a few baby steps in our direction. Embassies should also be investing for the future by building relationships with and assisting individuals and groups that may eventually come to power and move policies our way much faster.

There's a subset of diplomacy, which is what some people think Foreign Service Officers spend most of their time doing, and that is lobbying for votes in the UN and other international organizations. This is a fairly minor job for most embassies at least in the narrow sense of lobbying the foreign ministry. In the longer view, encouraging democracy, spreading the word of concrete achievements from following market policies and participating in international trade, and moving countries toward open societies will build the underlying base of support for many US policies in whatever international organization or bilaterally. Yet, while all embassies have resources to make a demarche on today's issue, many embassies do not have sufficient resources or guidance to make the sort of long-term efforts on building the underlying support that would greatly advance US interests over the decades on issues that are far more important to the U.S. than today's vote in some international organization. A third area of US diplomacy involves the consular and administrative functions of embassies. In these areas rules and procedures are relatively well defined, and these administrative and semi-law- enforcement functions are seldom even considered part of diplomacy.

Q: In the complex sense in which you perceive diplomacy, do you think it can be taught and, if so, how? Or is it a talent that may be genetic and due to the environment?

BUSHNELL: I don't think it's one or the other. As with many things in the education process, causing a person to think about things and to see how things have been done in other cases helps a person handle future situations. If a person is already really good, she may not get too much out of the education, although I think everyone would get something. Some education, some opportunity to think about how you might go about handling certain problems and what tools there are, would certainly improve everyone's ability to manage future situations. DS has security exercises for just this reason. Education may be the wrong word. In many cases people simply haven't thought about the full range of tools that are available and how one uses them to accomplish US objectives. For example, although USIS usually brings in some other sections of the embassy in developing programs such

as visitors' grants and publications, a lot of State Foreign Service Officers don't understand what valuable tools USIS can offer to help them accomplish their objectives. Often FSOs see coordination with USIA as a chore, or they may not know about many USIS programs at all. One officer from the political section may attend a USIS committee meeting; if a labor project is discussed, that officer will go back and talk to a labor officer to see if he knows somebody who might want to go. But the labor officer who is trying to strengthen the leadership of a particular union may not be aware of the possibility of using that or some other USIS program to help accomplish his objective. Thus part of what I call education is really nothing more than reviewing best practice scenarios to inform officers of the tools used by others.

Particularly in big embassies most Foreign Service Officers, until they become a DCM, have relatively little idea of what most non-State sections of the embassy do. That's something that, without a lot of effort, can be taught. One would think officers would be exposed to what others do simply because they work in the same embassy. But remember the work of most sections and agencies is classified. It's seldom that a middle-grade Foreign Service Officer would sit down with a lieutenant colonel from the Army Attach# office and say, “Well, now, what do you do? How do you go about your job? What are you trying to accomplish?” That conversation doesn't occur. They see each other at parties, they may even be good friends in sporting or social activities, but they don't sit down to compare notes on their work. FSI could do much more in educating officers on what other agencies do, how they do it, and why they do it.

Q: What do you think about FSI and its approach to training?

BUSHNELL: I don't know much about what its doing now. My impression is FSI mainly teaches skills which are common outside the Foreign Service as well as in it. The society and the FS are using more computers, so FSI teaches computer skills, probably even FS applications. We need more sophisticated economists, so FSI teaches economics. Where I don't think the Foreign Service Institute does enough, at least from my experience, is

in teaching those activities where the Foreign Service does something rather unique. For example, the process of lobbying another country, to use lobbying in a broad way, is not something that is taught at FSI. It is not a skill for which there is significant demand outside the Foreign Service. Reporting, for example, is what many junior and middle-grade officers spend most of their time doing The Foreign Service Institute does little to teach information gathering and report writing. FSOs learn how to do reporting on the job. There is no effort to adopt a best practices approach to reporting by teaching what has worked well elsewhere. FSI could play a major role in introducing best practices to many aspects of FS work.

Q: What do you think of the Policy Planning Council?

BUSHNELL: On the policy planning function I have some views, and in l990 and l99l I even tried to write a paper suggesting a different approach. My proposal is that the Department of State select and train a small group of officers who will spend perhaps 80 percent of their career working in Policy Planning and worrying about the long-term future. Some of this group should be Foreign Service Officers. It would be useful for the FSO's to have a few assignments abroad (some before they are identified for this policy thinking), but they should spend most of their time worrying about the more general and longer-term picture and trying to educate the Secretary of State and other senior officials on this broader longer-term approach to foreign relations. The trouble now is that most of the people assigned to the Policy Planning Council are assigned there for relatively short periods. There is little framework to get them into broad forward thinking. Furthermore, the learning curve is a long one. It's a tough job. You don't want to become too academic. If you bring in academics, they tend to be too theoretical in their approach. Some Foreign Service Officers may become too operationally oriented.

In short, we need to identify, train, and incubate a group of officers who would develop a working picture of the world ten and even twenty years from now and analyze the implications for current and future US policy. Of course, their model would be a constantly

changing one as current developments and revisions in their estimates affect it. They should generally not be involved in current policy formulation except to advise the senior policy makers of implications for current policy derived from their model of the future. They should also interface with other departments to try to get their model of the future adopted by other agencies while taking into account suggestions of other agencies.

Q: You're talking about a long term perspective.

BUSHNELL: Right. SP should try to present the Secretary and other principals a vision of the future and the general paths to our goals in such a future. Long-term goals would be developed through exchanges with the principals, probably including the President. Only after this future vision is developed among the members of the council to cover all major aspects of foreign policy, would the council examine today's allocation of resources and current major policy decisions to see if they are consistent with advancing long-term US interests in light of this considered future vision.

Q: It seems to me the identification of the vision and its components is what the Policy Planning people ought to be concerned with, and I agree that at least half of them ought to be people who are experienced in the world of Foreign Service. It seems to me all the rest of the Department ought to be concerned about implementing the strategic vision of the Policy Planning Group and the Policy Planning Group should be involved only when there are questions of interpretation as to what they mean or there are disagreements within the Department about which policies best support the vision. Comment?

BUSHNELL: Generally I agree, but these lines are hard to draw. We don't want Policy Planning officers totally isolated from current decision making on the big issues. They've got to have links to what's going on. I think the problem is, and I've seen it over and over again, that, once the planners start looking at what's going on today, they become immersed in it and are not spending their time on the future vision.

Q: That's right. They're totally preoccupied with the short term, writing the Secretary's speeches and looking at what we should do next week.

BUSHNELL: There is a legitimate Policy Planning role where there is an immediate major issue with two or more choices where the choice will have major long-term effects or set a precedent. Then Policy Planning needs to become involved because one option should be more consistent with the long-term vision, provided they have a vision. Once they've developed a vision framework, it's reasonable for them to enter those debates where their vision helps to inform the decision-makers. Once the decision is made, whether it's for them or against them, Policy Planning should not be involved in the implementation, which is where they get hung up now.

I think policy is too often developed or assumed between the principles of the Department and the leaders of the Bureaus without a systematic effort to articulate and refine it. It's more of a sense of direction. Decisions of a tactical nature are made with or without a broad policy in mind. In retrospect the series of decisions may or may not appear consistent with a long-term policy. For example, we talked a lot about the debate between the ARA and Human Rights Bureaus. The problem with these debates was that they tended to be tactical. Human Rights wanted to say how bad certain leaders were and therefore they should be sanctioned, and ARA wanted to say they may not be quite that bad and we have some other interests which require our maintaining a working relationship with the government. If you're the Deputy Secretary, this is a difficult memo because you've got five minutes to read it and make a decision; it's just one of the many things you're doing that morning. Where does it fit in the general picture? There's no big picture orientation in the memo. Decisions are too often made on bureaucratic grounds. Is it ARA's or HA's turn today?

More time needs to be spent by the bureaus on developing a medium and long term policy structure with or without the help of a worldwide framework articulated by Policy Planning. I didn't get this done in ARA, and I didn't try that hard because the bureaucratic

system resisted it. If ARA had articulated a general policy indicating where strong human rights sanctions would make sense and where other issues dominated, HA would immediately have agreed with the areas of sanctions and tried to get additional sanctions in the areas where ARA saw other issues or other approaches to human rights improvement dominating. I think such a general plan or framework would have helped the Deputy Secretary make decisions, even if it were only an ARA plan and not a consensus document. However, Deputy Secretary Christopher clearly did not favor such a systematic approach, perhaps in part because it would have been hard to factor in the outside pressures from the Congress and from NGO groups which played a major role in his decisions

Q: To me the principal missing element is the vision. I doubt we will have a long-term strategic vision until we have a Secretary of State who wants to give up being the power focus.

BUSHNELL: Secretary Shultz certainly wanted to develop such a vision. He devoted many of his Saturday hours to working on it with the Policy Planning Bureau, when he could take blocks of time away from daily operations. I don't think he got to an integrated forward vision, and he certainly did not sell it to the President or even the Department.

Q: How about the division of functions and responsibilities among the Department of State, the NSC staff, and other government agencies including the CIA? Do you think it's at all optimum as it is?

BUSHNELL: The division of the budget is certainly not optimum. The State Department is an underfunded agency. The total State budget is small while the total military and CIA budgets are gigantic. Thus the parts of the military and the intelligence community which are related to embassies are such a small part of those agencies' total budgets that no one can find or notice even quite large changes in their embassy operations. You could have a 30 percent increase in the budget for CIA agents operating under embassy cover and

that would work out to be less than a one percent increase in the budget of the CIA. If the State Department wants to add 300 economic officers or even 100, that is a tremendously big deal; it's almost beyond thinking about. I don't know how one solves the problem of the State Department being a small budget agency. On balance embassies devote too much of their resources to finding information and reporting (intelligence) and far too little of their resources to working on changing the thinking in the host country on issues of importance to the United States.

Q: Such large military and intelligence budgets seemed to make sense to at least the Department, the Congress, and the media during the Cold War. As long as you had the Cold War, the policy was clear. We'd do anything anywhere to fight against communism, and communism sometimes was loosely defined. But you need a big military and you need a huge intelligence operation to fight communism.

BUSHNELL: Certainly the Cold War was the justification for such big military and intelligence budgets and for the great investments in improving technology to support military and intelligence missions. In my view we continue to fight the last war, and our military continue to want to upgrade capabilities to use continually advancing technology. This approach is expensive and of dubious need when no one else in the world is adopting such expensive high tech equipment. In Panama the military services insisted on using some of the then most advanced technology, such as smart bombs. It was expensive to deliver and no more effective than a few soldiers with rifles.

My view is we need a few more Foreign Service officers. At a minimum we should have enough to avoid long gaps in staffing positions and to assure good training, especially language training. But in general we do not need many more positions around the world or in Washingtoa few but not a lot of additional positions. I would like to see most embassies have one officer, probably in the political sector, who would focus exclusively on the long-term path to US objectives. He or she would have to articulate these US objectives in the country of assignment and then identify how we could begin changing ideas and working

with certain people or groups that might move the country toward our goals. However, it would be wrong to go back to the staffing we had in the 1950s and the early 1960s where we had tens of economic officers in large posts, for example. The private sector and enhanced communications have reduced the need for so many diplomats on the ground. We need some more good people, but we don't need a lot more people.

Q: If the Department of State had a larger responsibility for analysis in international affairs, products that would go to the NSC, the President, and others, could other agencies reduce their staffs? I question whether we should depend so much on the intelligence agencies for analysis.

BUSHNELL: There is a major difference between doing the analysis of raw intelligence and incorporating intelligence in more general analyses of the bigger picture. Of course it is appropriate for the intelligence agencies to analyze raw intelligence to determine its reliability and to guide its collection. However, there is no reason more general analysis of trends and intentions and overall country, region, or issue assessments need to be so concentrated in the intelligence agencies. Yet the Foreign Service is not the place to put such assessments. Broad assessments require a large group of experts each of whom spend many years studying a region or a problem; such experts can have in mind the longer history as well as current developments. Foreign Service Officers can and do often make useful contributions to such assessments, but they move too much from assignment to assignment to have the detailed expertise or long perspective. State has some such experts in INR and some other offices, but State has not been allocated the budget to develop the in-depth skills in most areas that the intelligence agencies have. Moreover, reporting facts and analysis to the President and others and, even more, preparing good summaries and assessments require a large professional-technical staff to prepare not only the analysis but also graphic and pictorial inputs to tightly written papers. CIA has the budget for such staff, and State does not. Finally, the Secretary of State usually has a policy position; thus State analysis, even if most professional, is believed to reflect the boss' policy bias. Generally the directors of intelligence agencies play a much smaller

policy role, and most argue they and their agencies do not take sides on policy disputes but just try to present the facts impartially.

I think myself the CIA would be better off if it didn't have the presentation role because that role is an invitation to get into policy formulation. It's an invitation to go beyond reporting the intelligence and the analysis and suggesting or even slanting the presentation to influence the policy makers. When listening to the CIA briefer or reading the top secret daily newspaper, many policy officials provide feedback, not only requests for more information but often for more judgments. That's an invitation to expand the function and get into the policy game. It is human nature to bias analysis to tell senior policy makers what they want to hear, and too much contact educates analysts on what the audience wants to hear. Thus I would favor putting much of the assessment work and the summarization and briefing functions in a separate agency which would draw from all sources but would have no collection or policy responsibilities. Ideally, such an agency would be entirely career professionals at the end, not the beginning, of their careers; some might be former FSOs.

Q: Getting into policy is particularly dangerous when some one like Bill Casey is running the CIA.

BUSHNELL: The covert action function is almost by definition a policy function, at least for actions that go beyond information gathering. That CIA has the lead role on this function is all the more reason for separating the assessment and presentation functions into a separate agency that would have no connection with any intelligence operations, either collection or action.

Q: When you say the State Department shouldn't have the broad analysis function, does this mean the State Department shouldn't have that much of a voice in policy? It seems to me that supplying information to the President is one of the most powerful policy tools.

BUSHNELL: Trying to make policy by slanting analysis is what I'm trying to get away from. State and other Departments provide policy recommendations to the President and the NSC. These policy papers provide much analysis and argue the case for at least the preferred option; good papers analyze what is likely to happen in the future as well as the past. No department recommends more policy than State. Providing analysis without an agenda is not making policy. Of course an independent assessment and presentation agency would require an independent budget.

Q: This is the key problem. Congress is ready to throw money at the CIA and the Pentagon, but not at the State Department. But the other point is that it seems to me as long as you have sources that are absolutely sacrosanct and cannot be divulged, that non-accountability often creates some irresponsibility, and when you give the people overseas lots of money to buy informatioof course, through the Cold War they were trying to buy proof of the threat of Communism.

BUSHNELL: I don't agree that protecting sources is a problem for the credibility of information or analysis. I've had a lot of experience on the NSC staff and in other positions with trying to determine the reliability of information without knowing the specific source. In most cases knowing the source would not be nearly as helpful in making an assessment as knowing the categories which the intelligence agencies will supply. Most important is knowing whether a piece of information comes from only one human source or whether it is supported by other sources. I always found the Agency forthcoming in talking about sources and providing that information, and we frequently clarified the nature of sources at the NSC. We were dubious of uncorroborated information from Government of Vietnam sources, and after awhile so was CIA. Later we learned that some of those officials sharing information were actually Vietcong. Part of the job of NSC officers is to make issues involving the reliability of sources visible to the policy makers.

Q: By and large don't you think the political and economic analysis coming out of the political and economic officers of the embassies tended to have broader and better perspective.

BUSHNELL: The shorter the term the analysis covers and the more the future outcome is determined by the general population, as opposed to say a dictator, the more advantages the FSO in the field has because he is in contact with the local people and picks up a feeling for the situation. However, when the analysis requires a long perspective, the processing of a great deal of data, or psychological examination of key personalities, I think analysts in Washington at CIA and elsewhere have the advantage.

Q: CIA gives the broad picture to the President.

BUSHNELL: An awful lot of what goes to the President is based on Foreign Service reporting, including much of what CIA puts in its reports.

Q: What do you think of Senator Moynihan's effort to reduce secrecy in government?

BUSHNELL: I have mixed feelings. I think there would be a real loss of effectiveness if a Foreign Service Officer can't talk to somebody in a foreign government or in the opposition and record what this person says, what his views are, and have that kept secret indefinitely. If every time people talk with a Foreign Service Officer, they've got to think that within six months or even 6 years it's going to be on the Internet, they're not going to respond in the same frank and open way.

Q: The kind of situation you're talking about rarely appears in secret communications. It's usually confidential communications. Secret and above are designed to protect sources and methods.

BUSHNELL: The main area where the State Department over-classifies, or fails to declassify quickly, is policy documents. It is good to avoid having the debate become

public before it's resolved within the Department or even the executive branch. I certainly would have been uncomfortable in ARA if, every time I signed off a memo to the seventh floor, I was going to see it the next day in The Washington Post. The few times it happened were too many. However, these documents could be declassified once an Administration leaves office and the situation changes. Scholars might then do much useful work on studying the decision making process and suggesting improvements.

Q: Finally, how about a few words about the Foreign Service personnel system.

BUSHNELL: The evaluation/promotion system is a big weakness. Having people write efficiency reports on their subordinates has become as much an evaluation of the writer as of the performer. We need some alternative approach to evaluations, particularly as the service gets smaller and also has less time for this current labor intensive system. If a section chief evaluated 10 people every year, theoretically someone could look to see if he evaluated everybody high or had a normal spread. But most supervisors evaluate only two or three officers. We're moving more to a system of setting measurable goals and then looking at what was accomplished against these specific goals. However, with the rapid pace of change in many areas, it is always hard to tell what the officer did and what was driven by external events. I favor basing promotion more on time in grade with minimum time in grade before officers are even considered for promotion. For officers not promotion eligible, evaluations might be written only at the end of the officer's or the supervisor's tour. Officers should be able to compete for assignments above their personal rank, and particular consideration for promotion should be given to personnel already performing above their grade. My observation is supervisors are much more objective and careful in evaluating officers when they are recruiting for their sections or embassies than when they are writing a report and not wanting to weaken morale or promote a grievance.

Q: A political officer may get great evaluations for his reporting; then he becomes a DCM for a politically appointed ambassador, and he's in serious trouble.

BUSHNELL: This situation illustrates why FSI should provide more training in management, not just of people and other resources, but management to accomplish foreign affairs objectives. Even before an officer is a section chief, it's not too early for him or her to start learning more management, more about where each job fits in the bigger picture. I'm not talking about six-month training programs, but short courses, in part hearing what good managers have done. Officers can be good section heads and get good work out of their people, but, when they become DCMs, they don't have the slightest idea of how to deal with USIS, the military group, or DEA. On the other hand, giving officers a tour in administration does not suddenly makes them good material for DCM jobs. A lot more could be done in embassies to use officers who are short of management experience to manage. For example, in Buenos Aires I set up a working group on drugs, and I made the political section chief its head because he needed management experience. This role gave him a chance to act as a DCM, chair a group including DEA, CIA, and USIA, and get operational experience.

Q: Any comment on your Foreign Service career?

BUSHNELL: I'm happy. I've had an interesting, even exciting, career. If I had the opportunity, I would do it over, although I would prefer to omit some experiences. I've been lucky to survive them all. For anybody who wants an interesting, intellectually challenging career, the Foreign Service offers that adventure.

Q: Any speculation on how it might be different for somebody starting out now?

BUSHNELL: With a smaller Foreign Service, if this trend continueI hope it doesn't, many Foreign Service Officers are going to find it hard to get over the threshold of being narrowly focused on reporting and contacts with the host Foreign Ministry to focus on how to accomplish broader US objectives. Reporting duties consume so much of the time of the political and economic officers that reporting officers won't have time to think about the big picture because they are reporting the details. Most other agencies in a typical

embassy have many more operational programs than does State. Ambassadors and DCMs have to look to them for key efforts to accomplish most US objectives. As the State element in embassies becomes smaller and more concentrated on administrative and consular functions, there will be less opportunity to involve FSOs below the DCM level in real foreign affairs program management. Yet it is precisely experience with program management that best equips FSOs to move up to be DCMs and ambassadors. My observation is that FSOs can easily drift into the posture of being observers and reporters of the local scene instead of being agents of change, i.e. change toward meeting broad US objectives.

Q: John, thank you very much. Fascinating.

End of interview