

Interview with Ambassador James H. Michel

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

AMBASSADOR JAMES H. MICHEL

Interviewed by: Charles Stuart Kennedy

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Q: Today is the 21st of October 2005 which is the 200th anniversary of the Battle of Trafalgar. This is an interview with James Michel, and this is being in behalf of the Association for Diplomatic Studies and Training, and I'm Charles Stuart Kennedy. And you go by Jim, don't you?

MICHEL: That's right.

Q: Let's start at the beginning. When and where were you born?

MICHEL: I was born in 1939 in St. Louis, Missouri.

Q: Let's start with your father's side of the family, where the Michels came from.

MICHEL: My father was born in St. Louis. His father was born in Germany and came to the United States as many immigrants from Germany did at a time when there was either war or fear of war in Europe, and his mother was of German extraction, spoke German, but was born in Baltimore.

Q: Another place where a lot of Germans were.

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MICHEL: Oh. And I don't know how they got to St. Louis. My father was the tenth of eleven children, and so I don't think his parents spent a lot of time telling him about the family history.

Q: You were saying that your grandfather when he arrived was named...

MICHEL: Michel.

Q: M-i-c-k-e-l?

MICHEL: No. It was spelled the same. They didn't change the spelling. They just changed the pronunciation.

Q: Do you know where in Germany?

MICHEL: I do not.

Q: What was your...

MICHEL: I would guess probably in the west because they were Catholic, and I think Rhine Valley, Cologne, that region, is the predominantly Catholic part of Germany.

Q: Do you know what your grandfather was engaged in?

MICHEL: He was a cook, and the family in the early part of the last century formed a small business that catered to industrial sites and to construction sites and so on. Trucks would bring sandwiches and coffee and things like that. They called it the Purity Box Lunch Company. A sealed box lunch was their selling point. They had seen food sold that was open to the elements and the flies and so forth, and they wrapped their food and put a little scotch tape seal on the box, and so the idea was that this was a sanitary meal and that was their marketing philosophy.

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Q: That was great business! On your father's side, your grandmother, she came from Baltimore?

MICHEL: From Baltimore.

Q: And was she a housewife?

MICHEL: Yea. She had eleven children, and so she took care of eleven children!

Q: I guess this also, being Catholic, this was also representation having many children, sort of a hallmark of a Catholic family.

MICHEL: Well, I don't know. I think it was partly historical at that time. My father was born in 1911, and so the family started in the 19th Century, preceding 1900, and I think it was not unusual for there to be large families—Protestant or Catholic—in those days.

Q: They were supporting the farms and had the kids around to help. What did your father do?

MICHEL: My father worked at the family business. He had done some other jobs from time to time. I think as a young man, as young men sometimes will do, he wanted to be independent of the family business since it was older siblings who were in control of that business.

Q: He was Number Nine.

MICHEL: And so he sold insurance, he painted automobiles. He had a variety of jobs, but he wound up when he was a little older working at the family business, and he worked at night. He was production manager so that he would open at midnight, and his team would prepare and wrap food at night, and then the delivery people would come in starting about

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4:00, 5:00 in the morning, and they would take the product out into the world and try and sell it.

Q: Given your parents generation, I take it neither of them went to college.

MICHEL: No. My father graduated from grade school. My mother—we haven't talked about her side of the family yet—did graduate from high school, and that was the end of education for her.

Q: Let's talk about your mother's side.

MICHEL: OK. The background is a little bit more complicated. Her mother was from a family that was Dutch-German you might say. She was one of two children, so she knew more of the history, and her mother lived with us, and so I had some conversations with her as well about the genealogy of that side of the family. My grandmother on my mother's side, had German and Dutch parents. My grandmother was born in Hoboken, New Jersey, and she moved to St. Louis with the family when her father found work there, and she married a gentleman whose parents had come from Switzerland in the middle of the 19th century, before the Civil War. And my mother was then born in St. Louis. She was the second of two children, so a smaller family than my father's.

Q: And she went to high school.

MICHEL: She went to high school in St. Louis.

Q: And her father was involved in...

MICHEL: He did interior decorating, and then he had an accident falling from a ladder, and that impaired his mobility after that. He didn't climb ladders anymore. And so he was able to obtain a job as an inspector of buildings for the City of St. Louis. He didn't climb ladders, but he was able to get around enough to do that.

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Q: How did your mother and father meet?

MICHEL: You know, I really do not know the full story there.

Q: But they were both in St. Louis.

MICHEL: Both in St. Louis in the same social circles.

Q: How about within the social circle of the family. Was German a language?

MICHEL: No. Only from my grandmother's generation. I speak of my grandmother meaning my mother's mother, or my father's parents who both spoke German, but neither of my parents spoke German.

Q: You were born in 1939 in St. Louis. Did you live there for a time?

MICHEL: Lived there, went to school there, went to university there, and left St. Louis in 1965 when I went to work for the State Department.

Q: In the American pattern, that's a long time to be in one place! Let's talk about your recollection about where you lived in St. Louis and what it was like.

MICHEL: This is something I haven't thought about in a long time, and so it's kind of hard to put into a capsule. I was born in North St. Louis in a home that was originally owned by my mother's parents. The arrangement that my parents and my grandmother had worked out was that they moved to a somewhat nicer neighborhood in the south of the city, and my grandmother moved with them and lived in the house in her latter years. I have a sister who is two and a half years younger than I, born in 1942, and it was a middle class life in St. Louis. I went to the public school that was two blocks away and walked to school every day. I went to the public high school, and that was four blocks away in the other direction. The families around us were not poverty stricken and not particularly well off, I would say,

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but I can't recall any of the parents of my classmates who were professional or university trained. It was largely a working class neighborhood.

Q: It sounds like a could have been a very nice neighborhood that you grew up in.

MICHEL: Sure. It was. There was a large park nearby. There was still the European influence in this part of the city inhabited largely by children and grandchildren of people of Irish and German heritage. One of the things that I noticed because I happened recently to go back to St. Louis for a law school reunion, and among other events we had a walk in that park that was close to where I grew up. When I was growing up the places that are now all softball and baseball diamonds were all soccer fields! There were some baseball diamonds, too, but they were a lot of soccer fields reflecting the heritage of that population.

Q: Did you have a bike to get around?

MICHEL: Sure. I had a bike. This was, I would say, a pretty secure environment. I never had a bike stolen or anything like that and could explore all around the neighborhood at great lengths and had friends I went bike riding with and that sort of thing.

Q: You mentioned a reader as a kid.

MICHEL: Yes. I read just about everything in the little branch library that was nearby. I did a lot of reading in the summer time.

Q: Can you think of any books that particularly struck you or series.

MICHEL: Oh, I read a lot of fiction. I first read all the Edward Rice Burroughs Tarzan stories, all those kinds of things, Robert Louis Stevenson, the adventure books of various kinds, the Horatio Hornblower stories, all of those kinds of things, Sherlock Holmes, Conan Doyle mysteries.

Q: In your family was there...

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MICHEL: A bit of history, but more fiction, I think. I think I read more fiction as a kid and more non-fiction as an adult.

Q: Were you brought up Catholic?

MICHEL: No, because this was not a very strong orientation on my father's part, and my mother's family at the time of her father's accident had joined the Christian Science church and found some satisfaction there, some comfort, and so I went to the Christian Science Sunday School and learned the Bible through that church.

Q: Did you follow the Christian Science?

MICHEL: As an adult?

Q: Yes.

MICHEL: No. I converted back to Catholicism.

Q: I was wondering whether you... Christian Scientists, Mary Baker Eddy and all of that had an idea that ... I don't know how they describe it, but you're not sick, it's...

MICHEL: Mind over matter.

Q: Mind over matter. Did you practice that or if you got a cut, did your mother take you to the...

MICHEL: Sure. It was not an adherence of the extreme variety. I do recall having a Sunday school teacher who distinguished between medicine and surgery and said surgery was all right to repair something, but to take medicine for the pain was not. I always marveled at that!

Q: Where did the family fall politically, do you remember?

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MICHEL: My mother's family had been active in the Republican party, and my father's family, to the extent I had an understanding, my perception was that they were Democrats. I don't think there was political activism on the part of either of them, but I think that's the tradition in which they had grown up themselves.

Q: What about as a family? Did you sit around and talk as you got a little older about the day's issues and things of that nature?

MICHEL: Oh, somewhat, but it was not a very philosophical environment, let's say.

Q: Your father, of course, was working nights, too.

MICHEL: Yes.

Q: It sort of didn't leave much time.

MICHEL: No, but at the same time, and I can't quantify this, but I have memories that he was pretty interested in spending time with us, and he was an avid fisherman, outdoorsman, quail hunter. And for somebody who grew up in the city and was the tenth of eleven children, why he had that orientation to the outdoors, could name the different kinds of trees in the forest and plants in the field, I never quite understood, and he never quite could explain.

Q: That was remarkable and a wonderful thing.

MICHEL: But we did. That is another element of childhood that's something that comes back to me is that the family always had a canoe, and fishing and being out of doors was part of growing up.

Q: Does the Mississippi River or the Missouri River play any part?

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MICHEL: The Missouri River a little bit, in that we would sometimes fish in what was called a slough or what in Louisiana they call a bayou where the river backs up into a low lying area because we didn't very often venture out too far into the river in a canoe.

Q: No, no, no, no! The Missouri is in full force!

MICHEL: Yes. In the Mississippi, not really until I was a teenager and had been in the Boy Scouts and a friend of mine was in the Sea Scouts which meant sail boats, and so I joined that for a while, and that was sailing little 16' sail boats on the Mississippi River. Above the locks on the river north of the city, there was not a lot of current, and it was like a big lake to some extent.

Q: Tom Sawyer, Huck Finn, were they part of your...

MICHEL: Only to read, not to emulate!

Q: Was your neighborhood pretty much, well, a White neighborhood? I mean, at that time because there's a considerable African-American population in St. Louis at this time.

MICHEL: Well, there is. It was pretty much a segregated city when I grew up with Black neighborhoods and White neighborhoods. I do have a distinct recollection that after the Supreme Court Decision in Brown against the Board of Education in 1954, the high school that I attended became integrated, and there were a small number—I think between 30 and 40—African-American students who began immediately after the school year immediately after that decision, so I guess that would have been...I'm trying to think...it was the fall of 1954 or 1955, but it was one of those years, one of those two years. The feeling certainly that was encouraged and the feeling that I had and I think was pretty widely shared in the school, was that it was a really difficult experience for these new kids coming into the school, and we should make some effort to make them feel welcome. And I think it worked pretty well given the fact that it was still a very small number, and I'm sure

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they did feel very uncomfortable coming into that school of 1700, 1800 students, and they were clearly outsiders coming in. But there was no difficulty that was noticeable.

Q: When you went to elementary school, did you say you could walk, it was a block away or something?

MICHEL: Two blocks.

Q: Two blocks. How did you find school?

MICHEL: I enjoyed the elementary school a great deal. Indeed, I enjoyed it more than I did the high school that was more anonymous and bigger. I did well as a student in the elementary school and had teachers who encouraged me academically.

Q: Any particular area that you were particularly interested in then or good at or others that you weren't as good in?

MICHEL: OK. Probably better at words than numbers.

Q: How about the outside world? When you were moving up the education system as St. Louis is in the middle of the country. Did the outside world intrude much in knowledge about what was happening?

MICHEL: There was awareness. Certainly, I had an awareness of the Cold War. Indeed, I was of the generation that they would teach to go down into the basement and underneath the stairs to be safe from the atom bomb and the hydrogen bomb. And we saw movies in school about what you should do if you see the flash while walking down the street or riding your bicycle. And what you should do is lie down in the street next to the curb so you will be low and protected from the radiation a little bit. So that was very much an awareness. You had General Eisenhower running for President in 1952, '56, and that brought with it a lot of discussion of national security.

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Q: Was there within your neighborhood and all any ethnic influences there or not or was this even a factor?

MICHEL: It wasn't a factor that I was conscious of.

Q: Sometimes you have a neighborhood where there are more Jews or Hispanics or different cooking, or this didn't...

MICHEL: This didn't register with me.

Q: High School. You say you found yourself sort of a bit lost in it?

MICHEL: Well, I found that there were somewhat lower expectations and a greater sense of anonymity. You know, are you present and did you turn in your homework, and check the box. And there was not the personal attention that I had enjoyed in the grade school with smaller classes and smaller overall school population.

Q: Were there any teachers that particularly stood out and helped you and pointed toward things that opened up new worlds for you at all?

MICHEL: More in grade school than in high school. None in high school, really, that encouraged very much. Some would discourage!

Q: How about while you were going through this up through high school. Did you have after work or summer jobs?

MICHEL: Yes, in high school. Two things: One, I would sometimes work at this family business operating wrapping machines to get the sandwiches ready to go out on the runs. At that time there weren't a lot of cafeterias in the factories, and the salesmen from the catering firm, the Box Lunch Company, would go in and set up, and that was how people got their lunch. So I would go in and work with my father while I was in high school during the summer and, as I say, operate a wrapping machine. That was my usual job although

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I did others. I worked in a grocery school sometimes after school, so I did some summer and after school work.

Q: Were you and your sister pointed toward college?

MICHEL: Yes. The encouragement was there at home, and we both did go to college.

Q: Did you know where you wanted to go?

MICHEL: No, I had no idea and had one false start. And this is, perhaps, why I expressed some negative sentiment about the high school. At this time the demand was, "We should have more engineers in this country."

Q: Sputnik?

MICHEL: That's exactly right. And so to the extent that there was any suggestion from the high school guidance operation, it was, "Well, we need more engineers. We want you to go to engineering school." And I've learned something about aptitude tests, which is that if you know how to take a test, you will appear to have an aptitude for all sorts of things for which you have no aptitude! So, they said, "Well, you should take the engineering aptitude test, and I did, and I scored well. "Oh, I see. You should be an engineer." It was awful, and I left engineering school after a semester!

Q: Yea. I took one of those and, luckily for my sanity and any professor's. You know, they have these weekly things you were supposed to put together, and finally they had to help me put them together. [laughter] You said you went to college in St. Louis?

MICHEL: Well, the engineering school was the Missouri School of Mines in Rolla, Missouri, which is 90 miles from St. Louis. And that didn't last long, as I say. I really shouldn't have gone, but I came back to the city and trying to think about what I wanted to do. Knew at this time I was 18 and living at home, and my father was kind of looking at this young man living at home and not going to school, and you had to do something.

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So having come home, I guess in January after that first semester and saying I definitely do not want to continue that, I looked for employment and benefited from the most useful course that I had taken in high school, and that was typing. There was an ad for clerk typists for the St. Louis Police Department. I took the test, proved that I could type 40 words a minute, and they hired me. So that enabled me then to move from a day job to an afternoon job, four to midnight, and with that shift I could go back to school.

Q: Where did you go to school?

MICHEL: I went to the Harris Junior College which was part of a teachers college, but they give an Associate of Arts degree as well, sort of a first step to the university, and it was a city institution, so it was without tuition, only a fee of maybe \$100 a year or something like that. There was something ironical about the history of racial segregation in the United States and particularly in that part of the United States where, as I say, it was historically a segregated city. On the faculty of the Harris Junior College there were some wonderful professors who had good educations from fine universities and who, I assume, could not get teaching positions at the fine universities that they had attended. Harris Junior College had no prestige value whatsoever, but I think they did pretty well by me there. I had excellent English professors and economics professors in particular, and I learned something: I learned how to function as a student at a tertiary level. So after two years of that, I went to St. Louis University, a Jesuit school, and at St. Louis University it was kind of interesting to me that it shows something about how people see themselves. The people there in the admissions office looked at my grades and said, "Well, I see you have some B's, but those probably would be C's here." And then when they did let me into the university, I found that it really was no more difficult that Harris Junior College had been, but it was a university.

Q: How Jesuit was the university?

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MICHEL: More Jesuit then than it is now. We had a Jesuit president, we had Jesuit professors. We had a freshman history course taught by a Jesuit; other courses taught by Jesuits. There were Jesuits in training, not yet ordained, who were sufficiently populous within the student body that you would have them in your classes, and there was this atmosphere that this was a Jesuit institution.

Q: Did you finding coming after two years a little hard to adjust to the Jesuit way of looking at things? You know, the challenge, the discipline, and that?

MICHEL: Oh, no, I loved it! I always had an interest in philosophy. I had read some and found that here was a school where it was not only offered but required. You will take logic. You will take metaphysics. No, that was easy to adapt to.

Q: By the time you got there, thinking about your future profession, how much did the outside world intrude there?

MICHEL: Going in to the university, it was really a matter of having a vague sense that without a university degree, the kind of work experience and life experience would be different and less attractive. I enjoyed academic work. I liked philosophy, I liked English literature, I liked writing, I liked economics and wanted to do something that would enable me to work with those kinds of knowledge and that kind of thinking. But nothing specific. And it was well, two things, I guess, that brought it to a point of decision. One is that at the age of 21, I got married. And at the age of 22, a year later, we had a child and began to think, "Well, you can't go to school forever." And so as we talked about this, my wife and I, looking at the variety of subjects I had taken an interest in and studied, and I had done some work at Harris Junior College in the business—you can't say the business school, but the business curriculum—and decided "no, that's not right. That's not it." Went to St. Louis University and was an English major. Had a lot of fun, but what do you do with that? I had a lot of hours but not enough of them in anything that would get you a degree and a career track. So as we pondered this and I talked to people and learned a little bit, I

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learned that the law school allowed entry of students with three years of university level—ninety hours—of credit. You didn't have to have your degree. And then you could go to law school for three years and have a law degree. Well, that might be interesting! So I went and took the law school admittance test, that aptitude test, and did pretty well on that, well enough so that they offered me a scholarship. Now, St. Louis University tuition was a few hundred dollars at that time—much more now—but even then for somebody working at a clerk for \$300 a month, a scholarship was a very interesting, welcome opportunity. I went into law school and thought, “Ah! This is where I should have been! This is it!” So that was the course that I stayed with and graduated.

Q: What's the background of your wife?

MICHEL: My wife is a whole different story. Her parents migrated from the State of Guanajuato, Mexico to Denver in the 1920's, and she was born in Denver, went to Catholic schools including a Jesuit high school, and the Jesuits there said, “You should go to the university.” Well, that was not done in her family or in her neighborhood.

Q: Coming from an Hispanic background, women, high school was about as far as they should go.

MICHEL: Yea. And she thought that sounded like exactly what she should do, and she said, “Well, there are there Jesuit universities?” Well, there's Creighton in Nebraska, and there is this St. Louis University in St. Louis. And so quite by accident she had applied to and was accepted by St. Louis University, and having no family support of a financial nature, she found herself seeking employment. Well, where did she come but to the St. Louis Police Department! So while I was going to Harris Junior College and she was going to St. Louis University, we were both working at the police department, and we met there.

Q: Tell me about your impression of the police department. Some police departments are terribly ridden by politics.

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MICHEL: I think it had become by then less political. The people that I tended to spend the most time with on the police department were people who were older and no longer out on the street but in the office, and they came in several varieties. There were those who came before 1932 when Roosevelt won the election and the city turned Democratic, and they had gotten on because they were Republican. And then there were those who came in the early and mid '30s, and they had gotten on the force because they were Democrats. And then there were those in the 1940's who came back from the war, and they got onto the force because they were veterans, not because they were of any particular party. And by the time I got there in the 1950's, I don't think there was much political role in who became a policeman. I think there were internal politics as in any organization about advancement, but that's another story.

Q: Did police work at all interest you?

MICHEL: It did while I was there. If I hadn't met my wife and gone to law school, I might have gone in that direction.

Q: You took the law route I take it. I mean, you enjoyed law and...

MICHEL: Oh, enormously, yes.

Q: Any particular area? What intrigued you about law?

MICHEL: Oh, all of it! I enjoyed jurisdictional questions; I enjoyed certainly the criminal law which just was a natural extension of what I did at night, and so... I enjoyed property law; I enjoyed contracts; I was really taken up with law school.

Q: You graduated from law school when?

MICHEL: Nineteen sixty-five.

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Q: *You were the father of a child?*

MICHEL: A father by then of three.

Q: *Good heavens!*

[laughter]

MICHEL: Two boys and a girl.

Q: *What did you point towards?*

MICHEL: Well, in my second year in a three-year course in law school, I began to wonder about that. There were some people in my class who had lawyers in the family, others who knew lawyers, and I didn't. So I thought well, what are the options? There was a librarian in the law school who had some experience with the federal government and who had encouraged some of the students in earlier years to go to Washington, and she encouraged me likewise. I concluded that at that time lawyers graduating were not paid enormous starting salaries, and the first couple of years were really in apprenticeships in which they went to meetings and took notes and carried bags and spent their time in the library and didn't make any decisions. Or you could go to work for the government where lawyers were in short supply, work was abundant, and you were given a lot of responsibility very early on, and that was the decisive factor. So there was a manual in the library which told you which government agencies offered honors programs for law graduates. And I had pretty good grades, and I thought I would qualify for an honors program, which meant you got a couple of hundred dollars more in salary, were hired at a higher grade, and I saw one of them was the State Department. I had no thought of even getting an interview there but I thought, "Well, I'll check that one off. I'll write them a letter, too," which I did. And I was surprised to get a letter back... My letter said that I planned to be in Washington during such-and-such a week and would appreciate an interview. That was the tactic that I used with all of them. I said, "I'll be there in your city,"

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not, “How do I do it?” but bringing it another step, and they said, “Well, come in and we'll talk to you.” So I did that, and I talked to other agencies and went away knowing that the decisions were pending. And then in the late spring when I was about to graduate, I had two offers: one from the Federal Trade Commission, one from the Securities and Exchange Commission. The Securities and Exchange Commission job was in criminal reference, prosecuting the bad guys, the stock manipulators and frauds, and that was kind of interesting. And I accepted the job. And lo and behold! I got a call from the State Department, and that's a situation where a phone call changes your life. So it didn't take very long before I was calling the Securities and Exchange Commission and expressing regret for any inconvenience and accepting the job at the State Department.

Q: What had you learned about the State Department?

MICHEL: Well, I did not remember this, but many years later, I received an alumni award from Saint Louis University, and the dean of the law school pulled out my application blank from law school, and it asked, “What do you want to do with this law degree if you get one?” One of the things I had said was that I wanted to do something international, perhaps the Foreign Service. I think I was probably, as many people were in the late '50s, early '60s, influenced by *The Ugly American* as a famous novel with a verdict, and let's say I was aware of world affairs, international work was of interest, but something that I didn't expect to have the opportunity to do.

Q: This was when that they asked you to come on in?

MICHEL: This was in spring of 1965, early summer perhaps.

Q: Were you as a student caught up in particularly the election of Kennedy and Camelot and all that?

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MICHEL: Oh, sure! Yea. That was an exciting time, and I suppose a little bit like what I had read of the New Deal that a lot of young lawyers who were intrigued by the thought that government could be a force for good.

Q: Very much a unique accounting of court.

[laughter]

Q: You were going into what, the legal...

MICHEL: I went into the Legal Adviser's office in the State Department.

Q: What was that like when you went in in '65?

MICHEL: It was a small office. There were, I think, maybe 60 lawyers all together. It was a select office. I think they hired four people the year that I began. I think most of the people there were either University of California or Ivy League schools. There were a few of us from the mid-west. I was the only one from St. Louis University, but there were University of Minnesota, you know, other schools in the mid-west, but to a great extent an Ivy League place. A lot of the mid-level people who had first-level supervisory roles, had been recruited during the Kennedy administration by Abe Chayes, a Harvard professor who had been appointed the Legal Adviser and had encouraged people—some of his better students at Harvard—to come and join him there.

Q: When you went in, was there a program to bring you up, or were you handed a piece of the action?

MICHEL: Well, I was a little bit disappointed when they said, "We're going to put you into the part of the office that deals with the management and administration. We're not going to give you the United Nations or Africa. We're going to give you administration." And so there was a little bit of mentoring. There were people whom I would think of now as

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young people, but they had a couple of years—some of them had three, four, five, six years—of experience, and they taught me about Foreign service Act. They taught me about the Budget and Accounting Act and what the Comptroller General was and how the Comptroller General's decisions could trump those of people who wanted to spend the money in the agencies. So I learned accounting, budget law, and procurement, and all of those disciplines, the Administrative Procedures Act, and all the things that are the nuts and bolts of government. I stayed there for five years and did such esoteric things as learning the Shipping Act and representing the State Department before the Federal Maritime Commission on freight rates and things like that, so all sorts of administration law before senior people in the office then moved me into a more substantive field of political military affairs, and then after a couple of years of that made me Assistant Legal Advisor in charge of that part of the office. I've since then come to appreciate the grounding that I got in the basics. I did not limit myself to thinking about what the president's power was opposed to the Congress's powers to whether he could enter an executive agreement or not, but I knew a lot about whether he could spend the money or not!

[laughter and crosstalk]

MICHEL: ...a lot of the nitty-gritty law and that served me very well.

Q: Compared to some of your colleagues who didn't come into the State Department, do you feel you were getting more responsibility?

MICHEL: Oh, yes, yes. Absolutely. I was taking on multi-million dollar cases in controversy when classmates of mine, to the extent that I saw them or talked with them, were not getting that kind of responsibility. The financial side of it was not that different. The Deputy Legal Adviser at the time I came into the office used to say that based on slight differences in financial compensation and substantial differences in psychic rewards that he could count on keeping people around for at least five years, and then the salary differences began to make people want to leave.

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Q: Was there a discernable up-and-out phenomenon of people keeping five years? I thought that when you went into a law firm, you spent your seven years in slavery⁶ before you became a partner.

MICHEL: It wasn't that much slavery, and by the time these people in this rather select international little firm of the Legal Adviser's office went out into the world, they were not coming in at the entry level, they were...

Q: They knew they...

MICHEL: They were hired by law firms or others because in part of what they knew.

Q: Did you get any feel while you were doing this about the operation of the State Department and the Foreign Service and world affairs?

MICHEL: Well, sure, because working with the administrative management side of it in the 1960's, you had some of the first rumblings that there ought to be more listening to the Foreign Service Officers in the making of policy about the Foreign Service. And among the things that I wound up working on were things like the first grievance system and labor-management system for the Foreign Service. So there was certainly that kind of awareness. There, of course, was the fact that there's a certain take of cable traffic, and you became aware of what was happening on a continuing basis in capitals around the world. There was having the executive offices of the regional bureaus of the State Department as clients, and they would be opening and closing embassies and doing this and that, and so you had a sense again of the administrative things that had to be done to keep the wheels of diplomacy turning, you might say.

Q: Just looking at the clock, this is probably a good place to stop. I put at the end here where we are so we can pick it up where we have an idea. I'd like to talk to you then when you moved into the political-military side particularly your relationship with the Pentagon

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because the Political-Military lawyers and the lawyers at the Pentagon and the State Department seems to be a built-in conflict there all the time. We'll talk about that.

MICHEL: OK.

Q: Today is the 19th of July 2006. You were talking about 1970-71 period when you were a lawyer at the State Department.

MICHEL: That's right.

Q: Question: Would you discuss the relationship between the Pentagon lawyers and the State Department lawyers and all because I have the feeling that when we get on to status of forces or renewal of the Azores, no matter where you're talking about, the real opponent is not the country where we're trying to keep our forces. It's the Pentagon lawyers. At least this is a State perspective.

MICHEL: No, I don't think it was true in those days, and one of the things that I did when I was Assistant Legal Adviser for Political-Military Affairs in the Office of Legal Adviser was work on base rights and Status of Forces. Surely, the U. S. Armed Forces always want to maximize their protections and assure that they have the best treatment possible. There is a natural tension, then, that's introduced into the formulation of the government positions, but by and large I found dealing with the Pentagon lawyers very agreeable, and we worked through a lot of things on base rights issues, on status of forces issues, on legislative issues of security assistance in a very professional and collaborative way. So I guess I have the sense reading some of the current newspaper articles about positions taken and conversations I've had with people recently that perhaps there is a more sharply drawn division of perspectives today than was the case 35 years ago.

Q: Did you have any problems that we seem to be having perpetually having on Okinawa where our troops essentially misbehave on the rapes or the equivalent with Okinawan civilians. Did you have any of that sort of thing while you were...

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MICHEL: No. I guess individual cases arising in that particular place, Okinawa, for example, would be a matter where any State Department interests would be addressed through the Regional Bureau and the Regional Bureau's lawyers. In the Political-Military Affairs Bureau which was my principle client, and my office, it was more likely to involve policies about standards for Status of Forces, the negotiation of agreements that didn't fall within particular countries. So if it was German Status of Forces, it was European part of the State Department and the European Bureau lawyers. If it was Okinawa, the Japan desk and the East Asian Bureau of lawyers coming perhaps to consult with me about general issues, but the specifics of it would have been dealt with elsewhere.

Q: *Over there.*

MICHEL: Yea.

Q: *In that particular framework, can you think of any countries where it was a particularly, say a difficult job with Status of Forces? I mean not necessarily that they're picking on our troops but just getting negotiations going.*

MICHEL: Oh, there were some esoteric, peculiar issues, for example, a famous issue for a very small number of people on residual value of property in abandoned U. S. bases in Germany, you know, what's the value of a hockey rink in a country that doesn't play hockey, and those kinds of things, the issues of do you subject U. S. forces to the jurisdiction of foreign courts. I think the big issues had been settled long before I came along, and the standards were pretty much in place.

Q: *You left that job when?* MICHEL: *I moved on to the front office of the Legal Adviser's Office as a Deputy Legal Adviser I guess in 1977. I had an interesting interval because while I was serving as Assistant Legal Adviser for Political-Military Affairs, the Legal Adviser at that time was named Under Secretary for Security Assistance. That was Carlyle Maw. Carl Maw asked me come and work for him in his office where he was under*

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secretary, and I didn't want to relinquish my role as a lawyer and become a bureaucrat, and so I worked it out that I remained the Assistant Legal Advisor for Political-Military Affairs, but I spent a good part of my time in a second office in the Office of the Under Secretary for Security Assistance. So that provided me with another view of the operation at the State Department.

Q: You were working at least part-time in Security Assistance from what, '71 to...

MICHEL: Well, Security Assistance was part of the portfolio of the Assistant Legal Adviser. I worked on foreign assistance legislation. But because I had that technical knowledge of a rather complex body of law, and since the new under secretary who was named about 1975 valued that specialized knowledge and was himself coming from being Legal Adviser, he thought it would be good to have a legal expert right there, so that is what he asked me to do, and that's what I did, and so from there I saw the State Department from the Seventh Floor.

Q: You were doing that from when to when, approximately?

MICHEL: Oh, '75 to '77, I guess.

Q: Would you describe when you use the term "Security Assistance," what does this mean?

MICHEL: This meant those parts of the U. S. Foreign Assistance program that had to do with both military assistance—military to military—which was administered by the Department of Defense with policy direction provided by the State Department through the Bureau of Political-Military Affairs and, of course, the regional bureaus well as that part of economic assistance that was justified to Congress on the basis of economic pressures caused by security situations. So in those days typically what was called Security Supporting Assistance or later Economic Support Fund Assistance was a kind of economic assistance program for countries with which the United States had a security

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relationship and which security circumstances placed some burden on their economy, and this was the rationale for that assistance rather than a broader sense of contributing to economic development of poor countries.

Q: During this period I should think that maybe you would...it wasn't during...but did you get involved in the Yom Kippur War of '73? That's when we sent a hell of a lot of stuff in.

MICHEL: Well, that was actually before I got into the Office of the Under Secretary. I was certainly involved in that in the sense of the legal and financial follow-up. At the time the United States did not have a large amount of financing available for military assistance to Israel, and the expectation and the need, I believe, was two billion dollars, a little over that, which was an extraordinary sum in those days. We sold military equipment to Israel under the Foreign Military Sales Program where the bill would become due in, I think, 90 days or something like that, and then rush to Congress legislation that authorized the amounts due under those contracts to be forgiven. And that was the first time that I had to write legislation that had nine zeros instead of six zeros at the end of the number, and it was hard to write those nine zeros, I remember that, and it seemed to me that this was crossing a new line in terms of the support that we were going to provide to Israel because it was billions, not millions.

Q: Did you...

MICHEL: That's the thing that I remember.

Q: Did you get involved in Latin American where we were trying very hard to keep the lid on keeping high performance jet aircraft fighter...

MICHEL: There was a lot of...yes, sure...there was... We, of course, at that time we had—Northrop had—developed the F-5 aircraft which was a...

Q: Freedom Fighter I think it was called.

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MICHEL: A pretty good performing aircraft for developing countries, and we were encouraging countries to look to that economy model of fighter rather than to think in terms of the higher priced variety that our Air Force flew and, of course, a lot of countries wanted the best. Venezuela I think was one who had oil revenues and wanted the best. And we had a very difficult time there because U. S. efforts of restraint on high-performance jet aircraft and trying to keep the threshold of sophistication down wasn't matched by other suppliers, and we found ourselves in a situation where I think it was Honduras had Mirage and things like that at wonderful credit arrangements that they got from other suppliers, and that was a challenge. Now that led to something that came along a bit later. When I was Deputy Legal Adviser, I still supervised this Political-Military area where I had some expertise, and we undertook to develop some international cooperation on the control of arms transfers and to reduce the volume of international arms transfers which had reached something like, I think, seven billion in US military exports. That is the number that comes to mind because someone in Congress offered an amendment to the legislation one year to cap what we could do at seven billion. And then what everybody else was doing was on top of that. And this was a matter of some concern. Leslie Gelb in the late 1970's, in the Carter administration, was Director or Assistant Secretary for Political-Military Affairs. Somewhere along the line they made that an Assistant Secretary job confirmed by the Senate, but I don't remember if he was before or after that change of status. In any event, under his leadership we made an effort to engage other nations, other arms suppliers, and were unable to get much reaction from our friends, and we wound up then talking to the Soviets who were looking for some kind of a quid pro quo, maybe, "We'll go lighter on Cuba, and you'll go lighter on Turkey," sort of a thing. That, of course, was not what this was all about from our standpoint, and the effort didn't result in any real agreement.

Q: Did you find that while you were doing this or trying to reach a certain balance and keep it from getting out of control, did you find that there were any of our allies who were particularly difficult as far as they had a greater thirst for military markets than we did or not?

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MICHEL: Well, of course, our thirst was pretty deep, too, and there was a certain competition, of course, but I couldn't say, "Oh, gee, those French were really awful," or, "Those British were really aggressive," or, "The Germans were..." No, no. I couldn't single one out.

Q: It was essentially a marketplace, wasn't it?

MICHEL: It was and it wasn't. A marketplace for influence as well as for sales of equipment because none of this equipment was maintenance free. It wasn't that you sold it and said, "Thank you. We hope you'll enjoy your airplane." It was equipment that had a long supply tail and maintenance and technical assistance and usually exercises and training and the relationships between the armed forces that followed from that sale. So it was more than a commercial transaction by a long way.

Q: I interviewed someone who has either been ambassador DCM in Egypt under the Capt David accords and talked about his being taken into a warehouse to supply the planes. He said it wasn't as though a mechanic reached up and grabbed something off a shelf. It was all computerized and very complicated and a very huge inventory you needed to keep those planes flying. When you were doing this work, did we have problems, say, with South Africa, or was this beyond the pale at that point?

MICHEL: There were individuals, academics. I can't remember anybody in government in particular, but I know there were academics who occasionally would pop up and say, "We should rethink our South African policy." I don't think that got much serious attention. I can remember, again, it must have been during the Carter administration that we got to Rhodesian independence and the formation of Zimbabwe and the question of ending the sanctions as the transition occurred, and I was involved in that more in terms of making sure it all got done right than in terms of any major policy issue. I can mention one that I bet you wouldn't think to ask about...[laughter]...in that time frame which was that, now let's see. I want to be sure. It was maybe '74 that you had the coup in Greece.

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Q: It was July, so I had been Consul General in Athens, and I left the first of July, and I think it happened on the fourteenth of July or something like that.

MICHEL: OK. Well, and then the Greek junta took some action in Cyprus, and that infuriated Turkey, and so your timing is about right, because in August I was on vacation sitting on a beach in New Jersey, and somebody walked up to me and said, "You have a phone call." Turkey had gone into Cyprus, and the military equipment that they used was equipment they'd obtained from the United States with conditions that it be used only for self defense and internal security and not to invade Cyprus and attack Greece who were also NATO members. Well, that raised a whole host of legal issues and a principle one that became prominent in Congress was that the law said that a country that uses U. S. military equipment in violation of the terms in which it is provided loses its eligibility.

Q: I have to add Israel had done this many times

MICHEL: Well, there's always in questions of interpretations and the interpretations of Congress are different, let's say, in some cases. But there was some constituency in Congress.

Q: Greek constituency. The Greek-American constituency, I'm told, is the next most powerful one after Israel.

MICHEL: Oh. Well, that's what we got into in late summer of 1974, and it turned out that Congress agreed that was not a very smart law. This was a law that said no matter what the circumstances, the United States must make a judgment about the rightness or the wrongness of a friendly country's use of force if it used U. S. military equipment in the performance of that act, and it was often likely to be politically delicate for the United States to be pronouncing itself as if it was the judge of the world to say, "You've violated international law. That was not a use of self defense. That was an act of aggression." Well, who decides those things? So we wound up after having suspended military assistance in

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Turkey and then had major difficulties with the relationship, changing the law the following year so that... And this is one that I negotiated with, I call them “thoughtful” people in Congress because they agreed with me, and we wound up with a rule that said, “If a use of U. S.-supplied military equipment raises a question that a violation of the terms may have occurred, then the President must report to Congress the facts, together with his recommendation as to what should be done.” So it was not an automatic either/or with the U. S. judging the world. And since that time, there have been many cases where countries have engaged in some conflict or another where the country has been the recipient of U. S. military assistance which may have been used in the course of the use of force and where the report has gone to Congress saying a violation may have occurred and what we think we should do is go and talk to them about it, get them to sort out their differences peacefully and so on, and not raise it in terms of, “This one is right and that one is wrong, and we're going to cut off assistance to this one.” So I thought that was one small improvement in the structure that arose from a very unfortunate event with that Turkish invasion of Cyprus.

Q: The Turkish invasion of Cyprus really was in order to protect the Turkish minority which under the government that had been placed there by the Greek junta was as nasty as they come.

MICHEL: Sure.

Q: The guy running it was a assassin.

MICHEL: No heroes in that.

Q: There were no heroes in that despite the politics which when you get into particularly on the Greek side... I know, because I experienced this first-hand. The typical Greek-American is the most tunnel-visioned person you can imagine as far as who's right and who's wrong. It's a difficult thing. While you were there during both of these jobs, did the question of arms sales through Iran come up? Because the Shah was buying some very

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sophisticated equipment, and there were concerns at the time just as the Shah... What's he up to? I don't think they were talking about the stability of his government.

MICHEL: Certainly the volume of sales to Iran was noted, was talked about, and it may have been more controversial than I remember it, but as far as I was concerned, there were no legal issues. What was more controversial was the growing defense relationship with Saudi Arabia and the sale of sophisticated weapons systems like the AWACS to Saudi Arabia which became controversial in Congress, and that was more a matter of debate than anything I remember about Iran.

Q: In fact, it caused Republican Senator Percy to lose his seat because he was willing to go along with AWACS and then the Israeli lobby was quite effective in getting rid of quite a good senator.

MICHEL: That's interesting among other reasons because I think that the AWACS sales occurred in the Carter administration, and so you had a Republican senator... I don't know if he was chairman of the Foreign Relations Committee at the time.

Q: I think he was sub-chairman or something.

MICHEL: He did chair for a while but, let's see: He was chair in... Percy was there until the 1980's.

Q: At one point I understand he lost out...

Q: This is Tape 2, Side 1 with Jim Michel. I realize on the legal side you were dealing with issues that were legal rather than political, but did you get any feel for the power or the influence of the arms merchants of the United States? Airplane manufacturers, I guess, were one of the biggest.

MICHEL: I dealt with them largely in the context of export licensing. They were always interested in getting understandings of how the regulations would be applied or interpreted

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in this case or that case. Certainly they sponsored seminars on defense issues. I remember going to a seminar in West Point with a group of military people, and there were the Electronic Industries Association and the Aerospace Industries Association. There was a dialogue that went on, I think perhaps more with the Defense Department but certainly with State as well about issues of would it be permissible to, for example, if you wanted to sell a product where you wanted to convey as a part of your sales promotion some technical data about it that required an export license for this data to be exported. You had to come to the State Department for your export license. So there was an ongoing dialogue with them. As to their power, I guess, I was a little surprised from my dealings with Congress, which were fairly extensive on foreign assistance legislation at the time. They didn't appear to have their act so well organized in juggernaut precision that one might have expected. They had their lobbyists; they had their issues. They had some very effective people, of course, but it was not the well oiled machine that I might have expected from popular perceptions of what the military industrial complex is about.

Q: One of the things that has plagued our embassies when country X where they're associated with says, "Gee, we'd like..." Often it's a fighter plane but, "We'd like this." Two or three come up and from the military point of view or supply... Anyway, balancing off fighter X is better than fighter Y. But we have to give equal...MICHEL: Neutrality.

Q: ...whereas the French come in and...

MICHEL: Sold their soul.

Q: And there, and this is what we're going to do. Did you find yourself running into this?

MICHEL: Aware of it, certainly. There was no serious consideration to my best recollection of changing that policy and trying to pick winners and say, "We're going to go with this U. S. company or that U. S. company."

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Q: During the Carter period, was there a change between the Carter period and the Ford period in how we seemed to be approaching things?

MICHEL: Well, perhaps the most memorable is the very strong emphasis on human rights that President Carter introduced into our foreign policy. A couple of things happened. One is the president's personal commitment. Then you had human rights advocates in Congress. And then, of course, you had various groups in civil society, some of whom were passionate about human rights and some were passionate about cutting off assistance to the governments they didn't like, and calling them human rights violators was one way to get people to listen.

Q: And you also had the Bureau of Human Rights with Pat Derian?

MICHEL: Well, that's right. That was established. Yes. The mechanism for dealing with some of these tough issues with competing interests in the federal bureaucracy was something called the Christopher Committee chaired by Warren Christopher when he was Deputy Secretary of State, and I, at that time Deputy Legal Advisor with a background in political-military issues and foreign assistance legislation, served as counsel to that committee on rare occasion when a legal issue might arise. You asked something about the human rights legislation that became integrated into the foreign assistance law. I think that was the most significant difference that you saw.

Q: I understand sometimes this took on peculiar manifestations. Country X's army needs boots, and boots help the army, and the army's not being very nice to its people or something like that. So boots all of a sudden became almost an object of oppression almost.

MICHEL: It was rather that the United States should not be associated with an army that kills civilians and is immune to criticism or prosecution. If that is a pattern as opposed to an isolated incident that can occur in any army, if that is a pattern, then the United States

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should not be a part of that pattern. I thought on the whole... Sure, you could come up with examples that would make you wonder, but on the whole, I thought this was a very positive thing, that it was putting the United States in a position where its actions were consistent with its principles. I thought that was fine.

Q: I recall at the time, I was in South Korea, and we were pretty happy because we had a real situation there which remains today, but at the same time, Park Chung Hee, and this caused a lot of heartburn about human rights. But looking at it on a whole, most of us would come around and say, "Well, this is the right thing to do."

MICHEL: Did it have some influence in the dramatic change that occurred in Korea, for the U. S. to have a policy that gave him the sustaining rights?

Q: It probably did in the long run.

MICHEL: Yea. Only in the long run.

Q: There were several generals before they moved to... My God, now they've got a woman prime minister. MICHEL: Well, and you can question the judgment about taking troops out of South Korea in the 1970's.

Q: They didn't, but they talked about it.

MICHEL: But that was just about a decision. I questioned whether that was the right way to go, but I don't have much question about the basic idea of giving prominence to human rights and, indeed, later on we'll get to some of the efforts to support transitions to democratic government in Latin America as those countries throughout the hemisphere moved from military governments to elected civilian governments but looked around and those elected governments had no institutions to work with. I see that as a kind of a natural progressions that finds its base on the Carter human rights policy although it evolved with Reagan's speech to the British parliament in 1982 about support for the infrastructure

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of democracy. He was talking in the Cold War context, but it had relevance in shaping the foreign assistance program of the United States and, I would say, of the world so that issues of good governance and participation by people in the development process have become universally accepted. I think this whole idea of democratic governance and participation can be traced back, and you'll find that one of the ancestors of this is the Jimmy Carter human rights policy.

Q: Who was the legal advisor during the Carter administration?

MICHEL: Well, there were two in particular. There was Herb Hansel who was from Ohio, a prominent lawyer; a private lawyer. And then he was followed by Roberts Owen who was a prominent Washington lawyer. The other prominent lawyer, of course, in the State Department was Warren Christopher.

Q: Oh, yes.

MICHEL: And so one of the enjoyable things in life in that period was working with these capable Legal Advisers, and on a personal basis I especially enjoyed the relationship with Bob Owen who was an appellate litigation expert. I enjoyed the precision in his approach to issues and had some exposure to his good relationship with Warren Christopher, and between the two of them, I felt I was learning.

Q: Did you feel a certain problem in the State Department and basically in most professional diplomats and often the non-career ones, too. They want to get things done. And the legal side, don't get this in the way. Is there a built in problem there or inhibitor?

MICHEL: Well, I divided up the clients, you might say, both the political appointees and the Foreign Service Officers, who somehow reluctantly concluded that they had no choice but to listen to me. In three categories: you had some who said, "Well, let's see if we can ignore the law, ignore the rules, get the job done." They tended to get in trouble. Then you had those who said, "Oh, gee, there may be a legal problem here. We don't want to ask

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the lawyers. We'll just not do anything." And they tended to get in trouble. And then you had those who said, "Let's figure out how we can work our way through this labyrinth of laws and regulations, and it's a lot of pain, and we have to write a lot of memos and make a paper record and consult with Congress and do this and do that, but we'll get it done." Those were the people I liked to work with. And it was fun to figure out how to work your way through the thicket and came out at the other side with the result that was desired. That's very biased lawyer's perspective!

Q: This is what I'm trying to get. This is why I'm interviewing different people. And some say, "Oh, my God, AI was a real problem," but they didn't know we were able to bypass.

MICHEL: And there were different bureaus that had different cultures on this. Some of my colleagues—assistant legal advisers—found out things by accident because their clients simply didn't want to talk. But by and large, my biased impression is that the best diplomats understood that you had to work within the system and that if the lawyers were good and the diplomats were clever and asked questions and said, "Why can't you do this? Why can't you..." that tested that first negative that you could get a lot done, and usually the things you couldn't get done were things that would really get you in trouble.

Q: Yea. You should do it!

MICHEL: Yea! So I felt that by and large, again, we are speaking in broad generalities here, that was a tension that could be overcome.

Q: Did you run across, in dealing with foreign colleagues, I noticed many of our diplomat counterparts end by... We're Americans, we do practical training and we do this and that, whereas many of the people who were headed for the top and other diplomatic course each year ended up getting a very hefty dose of international law, and I would say that the normal American diplomat has had no experience. I mean, no real exposure.

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MICHEL: Well, there are islands, in the Bureau of International Organizations, for example; the people who do the UN work. Certainly people who work on the Middle East can recite the numbers of all the Security Council resolutions about the region. I've certainly encountered some diplomats who had a very good grounding in international law, but I think by and large, again, the generalization there is a lot less of that in U. S. practice than, as you say, in a number of other countries. One of the things that I noticed over the years was how often people with a legal background in European countries would serve in a diplomatic assignment, would serve in an assignment in an international organization, would then take a job in the legal office of the Foreign Ministry. You go and talk to the lawyers in the Foreign Ministry, and they're all people who have been assigned as political counselor here and the attach# there, and they've integrated that legal and diplomatic complex of expertise in a way that we tend not to do. We had occasionally a Foreign Service Officer assigned to L, usually somebody who wasn't too worried about his career because it was not considered career enhancing. Selection boards wouldn't necessarily rally to promote someone who'd spent two years working on Latin American legal issues. The opposite was also true that we had a few jobs for lawyers in embassies, and particularly in some of the international missions: Geneva and...

Q: Also, I think Berlin usually had. There, talk about angels dancing on the point of a pin, there the legal aspects of everything that went on was terribly important.

MICHEL: Yea. We had one criminal case, you may recall, where we sent a federal judge to try the case of somebody in the American zone in Berlin. That was all very bizarre stuff.

Q: Really. Did you have much of a chance to get together with particularly European but maybe Japanese or other people holding comparable positions , sort of an International Foreign Affairs legal mafia?

MICHEL: Not a lot. There were opportunities for professional exchanges around the international organizations, participation by the lawyers the Sixth Committee. There were

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legal themes for negotiations that caused people to come together. I spent one enjoyable summer in Geneva on a special committee on the subject of defining “aggression” which was set up by the UN General Assembly. All the participants were lawyers from—I think there were 35 or 40 countries that participated. Some of those people I still knew later on in other worlds, other lives. But I didn't have a whole lot of association. I knew some of the counterparts: the British Legal Adviser, the Canadian, and so on.

Q: When did you leave the legal advisor post?

MICHEL: Well, it was in the end of 1982. First of all, the Carter administration left, and the Reagan administration came in 1981. All of the Democrats who were political appointees left, and Republicans didn't arrive immediately, so you had the usual interim period. I was Acting Legal Advisor until August, I guess, 1981, when the first Reagan administration Legal Adviser was appointed. That was interesting because I was dealing as Acting Legal Adviser with some interesting issues such as setting up the International Arbitration Tribunal at the Hague to implement the Iran agreement that released the hostages.

Q: I want to talk to you about that. I want to talk to you about the tremendous international thing: the Iran, the takeover of our hostages in Iran, because it raises all sorts of legal things as well as diplomatic things. How did this hit the legal advisor's office?

MICHEL: Well, the two things that I was involved in were episodic. One was because, again, this background in Political-Military Affairs. I still remember waking up to the horrible news of the helicopters crashing in the failed rescue attempt and spending the day then at the White House with Lloyd Cutler who was Counsel to the President and sorting out what needed to be done under the War Powers Resolution and notifying Congress and reporting. The utter despair of that day, of this tragedy that occurred and, of course, it was something that came as a surprise to me. It was just an emotional day, and we did get all of the paperwork done and took it in for President Carter who signed the notification to Congress and so on, and we went on. But I guess... Was that when Cyrus Vance

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resigned? Yes. I was a great admirer of Cyrus Vance. I worked very closely with him at that time on the Foreign Service Act update. I was the writer in that exercise and, of course, explaining it to Congress... I didn't work with Secretary Vance in any depth on issues of foreign policy substance but worked with him rather closely on that. He was very interested in seeing the professional Foreign Service preserved and protected. He spent time on this and was willing to talk with the White House, talk to a Senate committee chairman, or a House committee chairman to advocate for the Foreign Service. I always admired him.

Q: What was the impetus for that act, because this is replacing what the one of '46.

MICHEL: Forty-six. That's right.

Q: What was the impetus for this act which came into effect, actually '81, I guess.

MICHEL: Yes. March of '81. February or March of '81. I remember the conference Dante Fascell and Jesse Helms debating the entry into force date because they wondered if there was something political about this. Anyway, it began, I think, in the Ford administration. I think Carol Laise was Director General, and there was an exercise begun looking at the structure of the Foreign Service, a subject about which you've heard often, I know, over the years. The desired structure of the pyramid had become the inverted pear, and was out of whack. You didn't have enough of the right kind of people at the right levels, and you had too many of others, and the structure was a matter of hang-wringing concern. One of the things that came out of that, and by this time it had moved on and it was 1977, '78. Harry Barnes was the Director General. Ben Read was the Under Secretary for Management. The conclusion was that the discomfort with the selection out system had caused it to so atrophy with, I think, a 22 year multiple class time in class for the top three grades in the Foreign Service. Well, nobody could get to those top three grades in less than 20 years, so if you have 22 years as the permitted time in class, once you got there that pretty much meant there was no selection out. And so the thought

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was, "Well, we have to restore some vigor to the system." I was one who opined that this had been so disregarded for so long, although the law was there since 1946, that the regulation had created expectations of continued employment so to try to fix all of this administratively would pose a serious litigation risk. So then the question became what kind of legislation. Should you get time in class law to amend the 1946 act? Again, I was one who said, "Nineteen forty-six is a long time ago," and you had a Civil Service Reform Act that was taking form at that time. Here was an opportunity to do a lot of cleaning up and get some fixing of some of the bizarre provisions on allowances that were rather piecemeal with somebody thinking we'll travel for this, we'll travel for that, we'll travel for something else. "Why don't we get a broader travel authority and say the Secretary can prescribe regulations?" So, we did, and we put this thing together, and we worked it with the Office of Personnel Management, the Office of Management and Budget. We had to figure out how to deal with the fact that in the House, the House Post Office and Civil Service Committee had concurrent jurisdiction with the Foreign Affairs Committee, and found a way to get Pat Schroeder who chaired the Sub-Committee in Post Office and Civil Service and Dante Fascell who was the Sub-Committee Chair on the Foreign Affairs side to have simultaneous hearings that were co-located. They couldn't call them joint hearings but they could all sit in the same room and have their separate hearings on the same day with one reporter and one witness! So we worked through all of that and AFSA and the unions, AFGE and one other. Mainly AFSA.

Q: American Foreign Service Association.

MICHEL: Yes. And so we wound up in 1979, 1980... I guess we put it forward in 1979 and it got enacted in 1980.

Q: Back to the Iran thing. You got involved later...

MICHEL: Well, the later part after the incident with the failed rescue attempt, the other significant thing I got involved in was after the fact. You had Warren Christopher and Bob

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Owen and Bob's Principal Deputy Bill Lake who was a political appointee Deputy Legal Adviser off to Algiers. They negotiated the Algiers Accords, and included in that, in addition to releasing the hostages, was a provision for resolving claims, and that included setting up an arbitration court in the Hague under the UNCITRAL rules which were a very fine set of international arbitration rules that had not really been tested much, and so we got to put them into practice. This was the time that the people who negotiated the agreement all left, and I was acting and had to figure out what do we do now to make this thing work.

Q: When something like that happens, do they take their file and...

MICHEL: No, no, no, no.

Q: ...I wouldn't take...

MICHEL: No. No, no, no, no, no. And they remained available. I spoke with Bob Owen on the telephone and I spoke with Warren Christopher. There was none of that. It was a very seamless process.

Q: I was wondering, though, was there any problem with the Reagan administration particularly coming in really from right field, feeling, "We,, we shouldn't let the Iranians get any money out of this," or something like that.

MICHEL: Well, it was pretty much the other way, though. The Iranians put up money into a security deposit, and most of the claims were small... Well, there were some big claims and small claims, and it was divided up that way that small claims up to—I don't remember the amount—ten thousand dollars or a hundred thousand dollars, but some amount of small claims where the U. S. represented the claimant. This was people who lost their household goods and things like that. And then there were the large claims which were oil companies or whatever who represented themselves in the tribunal, but we represented the 2700 small claims and then had the responsibility for representing the interests of the United States on issues of interpretation or government-to-government claims and,

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of course, the whole management of setting this thing up: finding the arbitrators, and trying to negotiate with the Iranians on who would be arbitrators because we had three Americans, three Iranians, and then they had to pick three others and tended not to agree with each other on that. And there were negotiating with the Iranians on some of these claims. I guess the Reagan administration didn't interpose any—and was the early Reagan administration with Al Hague as Secretary of State—there was no objection interposed to having this arbitration arrangement. I was always a little bit surprised that there was this ongoing engagement with Iran in The Hague without a lot of publicity, and when the security account was exhausted, the Iranians put more money into it, and the process went on. But trying to negotiate out the small claims which were... There were 2700 of them. It takes a long time to litigate 2700 claims. And so, “Well, look. We can set up a lump sum in our U. S. foreign claims settlement commission which manages lump sum settlements, and they hold hearings, and they make awards to American citizens, and they will give a portion of the award if the lump sum is somewhat less than the total amount claimed.” But we've done that for a long time.

Q: I remember I got involved with ones on the Dalmatian Coast settling World War II claims.

MICHEL: Sure. So we undertook this negotiation, and it was interesting because my counterpart was a British-trained banker from Iran, and yet he had to have with him most of the time somebody who was from the religious right. It was kind of like dealing with the Soviets who had people who only took notes when their side was speaking! So at the end of the effort, we had put together some ideas for a settlement, and we figured out that I couldn't get anybody in Washington to say, “Yes, we will agree with Iran.” And he couldn't get anybody in Tehran to say, “Yes, we will agree with the United States,” and so the negotiation failed although I thought we had both been pretty clever in finding a reasonable solution. We could not come up with something that the other side could accept politically because that was the nature of relations or lack of relations between Iran and the United States. But despite some outrageous conduct now and then on their behalf, for example,

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their arbitrators trying to intimidate the neutrals and things like that, the process went forward. I think the tribunal is still in existence handling a few residual matters. You had asked me about when did I leave, and I wanted to include that little adventure of setting up a new court which was quite an interesting challenge. Toward the end of 1982, George Shultz had arrived as Secretary of State, and I guess I met him in the Operations Center in the summer of '82 when Israel went into Lebanon. I was just thinking of that this morning. The Deputy Assistant Secretary of State for Inter-American Affairs was Steve Bosworth, and George Shultz wanted him to take on policy planning. And for him to do that, he and Tom Enders, the Assistant Secretary, had to find a replacement for Steve. For one reason or another, they recruited me for that and had people in high office in the State Department call me up and tell me I was stupid if I didn't take their offer! And so I concluded that I could remain the Principal Deputy Legal Adviser which is what I had become with the change of administration. The Legal Adviser was always going to be somebody from the outside.

Q: Yea.

MICHEL: And so I could be the Principal Deputy until either somebody came in as Legal Adviser with whom I could not get along or I retired, and the prospect was, then, of spending the next 20 years in that same office. I thought, "Well, maybe it would be time now after 18 years or so in the Legal Adviser's office to see what the rest of this business is about." So I went over thinking, "Well, there is this interesting transition going on in Latin America with the military leaving, the elected governments coming in." Tom Enders had been Assistant Secretary for Economic Affairs, and I thought the economic development dimension I had been working on Foreign Assistance, after all, for a number of years, would be challenging. I did not fully appreciate at the time—and I laugh at myself now for not having been more astute—the extent to which this was really all about Central America. And if you did not have a map but you just heard about Central American and South America, you would imagine a map on which there was this great big Central America and a little peninsula below it called South America because all the attention

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politically was on Central America. Certainly, that was not exclusively what I dealt with in that job but far more than I ever imagined it would be.

Q: I interviewed Curt Winsor at one point who was Ambassador to Costa Rica, I think, and he said, and this was in the early '70's, I think, and he said the highest official visitor he had there was the Lieutenant Governor of Mississippi. And all of a sudden, all of the bigwigs were coming to there a decade later. What was your job?

MICHEL: I was the Principal Deputy Assistant Secretary. Well, at that time, starting off there was no other Deputy Assistant Secretary! Enders was trying to operate the bureau in a way that I later emulated when I moved to AID: not having a big front office and placing more responsibility on the office directors. And we all liked that. The office directors flourished having to make decisions. I might be traveling or on Capitol Hill and Enders would be off at a meeting, and the Director of Andean Affairs would have to decide what's the position of the State Department? There was nobody to ask, and they generally liked having that responsibility. They responded well.

Q: Wasn't there also Enders didn't want to tangle with Jesse Helms who wanted to put his own person in there.

MICHEL: I'm sure it's possible that was there, but he never told me of that.

Q: Tony Gillespie and saying Tony never went through the confirmation... He was brought in to work, but the whole idea was to stay away from Congress.

MICHEL: He was a Special Assistant although he functioned as much as a Deputy as I did.

Q: Yea. Have you had much experience in Latin American affairs, perhaps?

MICHEL: Oh, a bit here and there, and I think working with as far as Enders was concerned was I was the Washington end when he was doing the Buenos Aires to London

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shuttle at the time of the Falklands War, and I think he liked what I did. But it was an area that I had some interest in, and it was an area that I had a bit of experience in, but not a whole lot.

Q: When the Reagan administration came in, the one place that particularly bear the brunt of a right wing—I use these in relative terms—administration replacing a left wing administration, life went on pretty normally in other places, but Latin America, no. There was almost blood in the halls of ARA. did you feel that?

MICHEL: Yea. Sure. I had the feeling that it was a more political environment than the little bubble I had lived in the Legal Adviser's Office, and that you sort of looked to your left and looked to your right and watched your words carefully. It was a political environment. Yea.

Q: Can you describe the situation? Well, let's stick to Central America first. As you came in, and this would be...

MICHEL: Eighty-three. The beginning of '83.

Q: Eighty-three. What was the situation in Central America?

MICHEL: Well, you had... There were divided approaches, and there was a continuous ebbing and flowing between these two. Somebody said there was the war party and the peace party. There was that kind of thing, but you had a recognition that to achieve enough popular and congressional support that you had...

Q: This is Tape 3, Side 1 with Jim Michel. I guess we're finished pretty much. If you think of anything, we can come back to the time when you were Deputy Assistant Secretary for Latin American Affairs. I take it you didn't get caught up in the Iran contra business or something like that.

MICHEL: Only on the margin. I was not directly.

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Q: Elliott Abrams was not in when you were there?

MICHEL: Elliott Abrams came in while I was there.

Q: Was he a different approach or not?

MICHEL: Oh, yea. Very much part of the hard line.

Q: A true believer in, "Let's clean up the mess in Latin America," wasn't he?

MICHEL: Yea.

Q: Had you been removed from this area?

MICHEL: Well, I was there, but it was kind of moving along. In some meetings I wasn't in. It got stranger. And then I'd been there five years anyway, and I started looking for alternative employment and was on several lists before there was no political competition, and I went to Guatemala. Nineteen eighty-seven.

Q: OK. We'll pick this up in 1987 when you're off to Guatemala as ambassador.

MICHEL: Good.

Q: OK. Today is the 27th of July 2006. Jim, if first place, you were in Guatemala from when to when?

MICHEL: Well, I was in Guatemala from the fall of 1987 to late 1989. Before going on to Guatemala... I was a little uncomfortable after our last session because I didn't think I described very well those five very busy years in the State Department and the Bureau for Inter-American Affairs. It was just a constant push of issues, one thing after another. A lot of work with Congress. A lot of inter-agency work. A lot of 12-hour days. And it was such a rush of things that I don't think in this kind of sitting back and reflecting there's a lot

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of detail to explain, but I guess there are two things I should touch on for this kind of an oral history record. One is, I feel pretty good about the effort I really led in our government to put issues of governance and rule of law onto the diplomatic and the assistance, the international cooperation agenda, in our relations with Latin America in a time that they needed that support. I don't think we can say the United States caused transition to occur in Latin America. I can think of several countries where it probably would have fallen back had the United States policy not been so clear and unambiguous, and I can think of countries where the transition would have been probably less successful.

Q: Can you recall, name those countries?

MICHEL: Well, I think that a country where it could have fallen back very easily is Bolivia where there were coup attempts. In Guatemala while I was there, there were two coup attempts. These were from the right, and the people on the right are the people who looked back fondly to Castillo Armas in the 1954 events and the CIA support, who liked to believe that they were the people on whom Washington smiled. If there had been any hint that the United States government did not support the elected government and the constitutional process, no matter what disappointments we might have day to day with individual decisions of the elected government on one issue or another, I think that could well have made a difference. The view of the United States was important in many countries in the region, I guess, in particular because they're close. And so I think with some satisfaction about the policy and the programmatic support which has ever since been an important part of our policy and which is now pretty much internationally accepted. This was also something I had the opportunity to work on in the multilateral setting later when I went to OECD and we worked on governance, participation, democracy. Back in the 1980's I can remember talking to European governments, to the Japanese government, to the Canadian government, for example, about putting some support for democratic institutions into their assistance programs, and they weren't sure that was really part of the agenda for international cooperation. So that is something that was a constant through all the five years I was in the State Department in Inter-American

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Affairs and beyond through the rest of my career. And I think that is an important part of those five years that I just want to emphasize. The other thing I should acknowledge is the real tension internally that I felt about U. S. policy with regard to Nicaragua. I was working that policy from the standpoint of support for the president's desire to get new congressional authority and doing a lot of work in Congress, doing a lot of consulting with Congress when you had programs authorized. For a while, you may recall, we had an assistance program of non-lethal support through the State Department, not through CIA. An overt program. The managers of that program in the Department of State often had questions of interpretation, policy advice, and those questions would come to me, I would go and speak with chairmen of committees in Congress, and minority ranking members of the committees in Congress. Meanwhile there was this other business going on. So when that came out...

Q: You're talking about the Iran contra affair.

MICHEL: Yea! The fact that there was a funding that was outside the law; the fact that there was a Sultan of Brunei and all these kinds of things that went beyond anything that we had talked about on the one level. I thought then, "Well, gee. I knew this was political," and I didn't probe and push. And maybe I should have probed and pushed. And on the other hand, I thought having been so close to all of this being in the front office of the responsible bureau of the State Department, people were looking me and saying, "Well, he probably really knew." And so I was feeling some discomfort for not knowing, then it was compounded by the fact that I thought that the people I knew and respected probably thought that my fault was probably not in failing to detect but in failing to acknowledge what I knew. And so that was about as uncomfortable a time as I ever had in government service - that final period that I was in the State Department.

Q: Looking back on it...

MICHEL: I just thought that I should touch on that.

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Q: Oh no, no. But looking back on this period, did you all of a sudden see where the dots were connected regarding the Iran Contra? In other words, if you had suspicion that something like that was happening, the evidence was sort of there or not.

MICHEL: I never really put it together other than having read about it later. I could see things that were peculiar later on, reflecting on it. For example, and this is the one that I think maybe I should have been more alert to: In theory, after the U. S. official support ended, those folks were on their own, but there were people who made donations and all of this was going on. Ollie North was out making speeches about how wonderful they were and Freedom Fighters and all of that. So when we started up the program of assistance through the State Department that Congress authorized, we set it up so that we would pay the bills, and we assumed that they had an ongoing logistics operation that knew where to “buy the boots.”

Q: This is non-lethal.

MICHEL: Yea. That was the sort of things you would get into in the consultations about where do you draw these lines, and if you have two cargos that come in—one that we fund and one that somebody else funds—can you put the same goods on one mule, or do you have to have two mules, and these kinds of things. But the lack of expertise and professionalism in the procurement operation in retrospect suggests now to me that they weren't really running that logistics operation, that it was being run by a secret network that was covert and we weren't supposed to know about. At the time, I simply shrugged and went off with the 12-hour days and lots of things to think about. There was not time to reflect on an impression that those guys didn't seem as up to speed as you'd think they would be.

Q: During this time, particularly toward the latter part of your time dealing with it, how did you find the CIA? Casey was the head of it for most of the time. Were they straightforward people or did...

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MICHEL: It was a mix! I often felt that I learned more direct facts if I went to a congressional hearing with them than if they came into the conference room and put on an act!

[laughter]

MICHEL: But it was a mix.

Q: You were pushing governance, democracy, openness and all, and yet many of the people who were pushing this on—particularly in Central but throughout Latin America—had been pretty cozy with the CIA. Did you find that the CIA leopards were having trouble changing their spots?

MICHEL: Oh, there were... I saw this a little bit in Guatemala... There was a little, “Well, all right, that's the policy and we'll follow it, but we're pretty skeptical.” That was about as succinct, I guess, as I can put it. There was a real world, but then there's the way you would like it to be.

Q: In American diplomatic history, you were sitting in the center of concentration on Latin American—particularly Central American—but the rest of Latin American which is almost unprecedented anytime previous because normally, Latin American is just, as Henry Kissinger pointed out in the American...

MICHEL: Yea. Argentine...

[crosstalk]

Q: It's a danger point in that part of Antarctica. In other words, so what? But you were there when... Everybody was looking. It wasn't just Central America. It was the whole, “Let's do something. Let's change the government...” You know, “Let's foster a change.” And change is worth taking.

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MICHEL: Well, The Alliance for Progress period as well. And again, another one of my exhibits on foreign assistance funding showed how Castro comes to power, and we pay attention to Latin America. Sandinistas come to power, and we pay attention to Latin America. Hugo Chaves hasn't yet sparked anybody's interest, but there may come another time, unfortunately, when not paying attention to Latin America will contribute, at least, to something going bad, and then we'll pay attention to it again.

Q: Then you're off to Guatemala in '87.

MICHEL: Eighty-seven.

Q: Yes. How about your hearings? Was there much interest... And you. I mean, were you kind of tainted? Were the senators looking at you skeptically? How did you feel?

MICHEL: There was a delay from the time I was nominated. I thought that it would be nice to get there before the congressional recess, and they waited until after to be sure that nothing would come out. But the hearing was pretty straight forward. I was asked questions, and I answered them. No real issues there. Once the hearing occurred, the vote on the nomination was probably en bloc. I don't think there was a separate vote or anything like that. We had a bunch of us that they voted out.

Q: What about Jesse Helms and Jesse Helms' staff?

MICHEL: They were interested. They didn't have reason to think that I was going to be, from their standpoint, wild and irresponsible. I'd worked a lot with Congress over the years in both the Legal Adviser's Office and in Latin American Affairs. I'd like to think that I had enjoyed a pretty good reputation with Congress as being straight with them and not trying to fool anybody and seen as reasonable from the left and from the right. I don't think I had any real...

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Q: There was a staff member, a woman, on Helms' staff who eventually married somebody either in Honduras or Guatemala. Was she...

MICHEL: Debbie DeMoss.

Q: Yea. Where did she stand? Was she around?

MICHEL: She was around. I'm trying to remember if Senator Helms even appeared for the hearing. She did, I know, because she spoke to me afterward; she spoke to my wife afterward. I just saw her, by the way, at Bill Pryce's funeral. She was there. .

Q: You arrived in Guatemala when?

MICHEL: I guess it was October, early October.

Q: Of '87.

MICHEL: Of '87.

Q: Can you describe two things: the situation in Guatemala in October when you arrived, and then we'll talk about what were American concerns.

MICHEL: There were two things going on in Guatemala. One was there had been a constitutional convention, a constituent assembly, and they had adopted a new constitution. There had been an election. The winner of that election, a Christian Democrat. Vinicio Cerezo, is somebody who had spent a lot of time in the Washington area, knew a lot of people in Congress, and in his campaign promises and in his discussions in Washington, he talked a lot about human rights, democracy, opportunity for poor people. A lot of this and a lot of his government was viewed with cynicism by established powers in Guatemala both in the private sector and in the military who had left not like Argentina, a defeated army. They had won their war.

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Q: Their war being against the...

MICHEL: The poor people in their country. And there was still a small force of armed insurgents out there in the countryside when I was there. I think was '96 when they finally signed the peace agreement. But it was hard to find a thousand of them, and I think there were just enough of them that the army could retain power and resources and it wasn't a serious threat to the country. So you had this internal fragility politically with an elected government. There were jokes like, "The president's mother was very happy when he was elected president because at last he had a job." That was one of the jokes they told. There was not a lot to building on here, and the people who came into government included some who were very good and others who were more part of the political party apparatus rather than people who had real capability at governance. So it was a pretty mixed picture. Good presidents in the central bank, you had a good minister of economy, finance minister was pretty good, agricultural minister was pretty good, but some not so good, and some of the immediate staff, pretty political, less public spirited you might say. There was weakness in the performance of the government that justified some of the criticism, so this was an ongoing situation. The other situation was the Contadora process of the Central Americans under the leadership of Oscar Arias in Costa Rica at the time, saying, "Let's, we Central Americans, get together and see if we can work for peace in this region because it's not in any of our interest to have this conflict going." By that time it was largely Nicaragua, a little bit El Salvador, but mainly Nicaragua by that time. So Guatemala was very interested in that, and you had one of the meetings in this process had just occurred when I got there. It was Esquipulas which is a town in Guatemala where they drew up some ideas about peace in Central America. Washington wasn't too keen on all of this.

Q: Yea. I was going to ask about that. It's one of these things, "Well, if it isn't our idea, it should be." Typical Washington response.

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MICHEL: "We're not in control. We don't know what these guys will do." There was that in Washington. Fortunately for me, we then had a series of people who were regional ambassadors that the president had named.

Q: This was...

MICHEL: This was President Reagan at the time. But just a small aside of how we can confuse people, my predecessor in Guatemala was named Piedra, and piedra is "stone" in Spanish. President Reagan appointed former senator from Florida, Dick Stone, to be the Central America ambassador to the utter confusion of some Guatemalans who had to deal with Piedra and Stone! [laughter] Anyway, so there was that regional diplomacy that was done, and I didn't have to be too responsible for that dimension of it and could concentrate more on bilateral issues trying to encourage the strengthening of a democratic state and a diversifying economy that created some jobs and expanded health and education systems. We had a hundred fifty million dollar aid program. There was no World Bank program because they were in arrears to the World Bank. There was no IMF program because they had not fulfilled their commitments to the IMF. So we were the economic policy dialogue partner about issues of exchange rates, interest rates - macro-economic policy issues. We were big in Guatemala.

Q: Was part of your goal to bring them into the World Bank orbit? In other words, get them up to snuff?

MICHEL: Yes. And not to do it for them but to help them want to do it. And working with the private sector. I used to ask the commercial officer to pick out an exporter of the month, and I'd go around and visit them. I cultivated those people in the business community who were the younger, smaller businesses that were outside the traditional areas of coffee and sugar and things like that, encouraging diversification.

Q: What were they? What type of things were they?

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MICHEL: Oh, gee. Everything from rattan furniture and shoes to micro enterprises producing: pots and pans, solar heating, small landholders who produced high quality fruits and vegetables.

Q: Have they moved into the market now? It's so familiar to us, and that is to find supermarkets with fruits and vegetables off-season.

MICHEL: Yes. That was part of the technical assistance. We had a guy who worked for AID. He was from Mexico, and he knew the agricultural markets: When do you ship to Miami? When do you ship to Boston? When do you ship to California? When is the Mexican product in? When is the California product in? You don't want to go then, you want to go at a different time when there's a gap in the supply. In a country where the temperature's pretty steady through the year, if you can irrigate you can control when the water is there, because the water is otherwise there only half the year. If you can control the water supply, you can pretty much control when your crops will be ready for harvest, and they could time production to fit the market cycle. I went back a few years ago, had occasion to go to Quetzaltenango in the west of the country, located in the higher elevation where they terrace a lot with AID support. Those terraces are still there, and they go for miles. It was always gratifying to talk with these farmers. , These were people who previously had almost no cash income. Earlier they were throwing corn in rows down the hillside. When they went to higher value products, using mulch, irrigating, growing high value vegetables instead of corn that didn't grow that well, all of a sudden they were able to buy trucks and build their houses out of cement blocks instead of adobe, and they had plumbing inside and could send their kids to school. It was dramatic.

Q: How would you describe the social structure in Guatemala at the time?

MICHEL: You could see that it was evolving. I was very fortunate in having a DCM, Gerry Lamberty whom I recruited, who had served in Guatemala in the 1960's and had a historical perspective. So you could see that it was evolving. Things were happening.

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It was not as insular as it had been, but it still had a long way to go. It still had a pretty narrow group of people who really lived very well and felt a sense of entitlement: "I worked for this. It's mine." Certainly some hard-working people who earned, in a sense, but they earned in a context that having a little family wealth, having a little education, having weak government, they were advantaged in ways that they didn't always acknowledge. "I worked hard for this!" "Well, yes, but the situation was that hard work paid off for you. A lot of people worked hard, and it didn't pay off for them." So you had this narrow group of people who lived very well. You had a growing middle class especially in the cities, in Guatemala City in particular, but then you had a very large class of people who lived very poorly and, finally, at the bottom of the social structure you had the Mayan population, the indigenous people whose experience with Western culture over 500 years had been almost uniformly bad, and so they were vulnerable to people who, for reasons of their own, would tell them, "Don't have your children vaccinated. That's a secret program to sterilize them." "Don't send your children to school because they'll tell them lies and turn them against you.

Q: What was the motivation behind these agitators?

MICHEL: Keep them away. Maintain influence in your community by keeping the rest of the world out, some of it undoubtedly motivated by legitimate feelings that the outside world was not good for the Indian.

Q: What was the role of the military?

MICHEL: The military was all the government there was in much of the countryside when you got out of the cities. It was a large force. I think it was about 40,000 when I was there, not particularly well equipped, and antiquated stuff, helicopters that wouldn't fly, but a lot of them. They had power because they had been in government or in a position of influence, not directly in the government. There was their bank. They had their farms. They were into various economic enterprises. They were a powerful force.

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Q: Was the military acting in the role that it has in some other parts of Latin American where this is a place where the relatively poor people could go into it, get into officer ranks.

MICHEL: Yes.

Q: And this made them socially acceptable.

MICHEL: Yes. I used to go to graduation ceremonies at the military academy at the request of our military attach# because they would have some kind of prize—binoculars to the best engineering student or something like that. You would see the mothers of these graduating cadets in their traditional traje tipica, traditional dress of the Mayan. And those were the mothers, and the sons wore the uniform of the army. It was a different dress, and it was the army uniform. There was at the time a defense minister, Hector Gramajo, who had been to command and staff school at Leavenworth and had been exposed to U. S. military doctrine, who certainly at a rhetorical level, was strong on the sense of the army being there to serve. I remember him giving a speech on Army Day. He said, “You're here to serve, not to serve yourself. The duty, your duty, is to serve, not to serve yourself.”

Q: Did the army go out and do civic work?

MICHEL: Yea. The Corps of Engineers was trying to build a road across the north. It was pretty isolated territory, and they had the blueprints for a long time, and they did some other kinds of work in the less remote parts of the country. One of the things that I tried to do was to encourage the civilian ministries to get out there because there was some discomfort with the military performing all these functions of governance in the countryside. They were the only ones there in part because the transportation was not good, and they had the heavy transport to get out there whereas the normal automobile you would have a hard time on some of these roads. One of the things that I did was try to get, for example, a ministry of public works involved on some of the road building in the countryside. We would have US Army engineers who would train in Central America.

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The Army would come and do a lot of training in Honduras. I had a discussion with the commander, SOUTHCOM. I really don't want to see a large presence of U. S. military in a country where we're trying to encourage easing away from thinking of the military as the most important institution and build up the sense of civilian authority, so let's keep it down to a platoon level, no more than 50 people at once. So we would have platoons of engineers, medics, supply people—how to run a supply warehouse—come down and do training and working with their Guatemalan counterparts. I tried to get the relevant civilian ministry involved so that if the medics came down and they did exercises that involved them visiting the same village repeatedly, and the thought was that if they go back two, three, four times over two years that you'll raise the level of health so that can be sustained locally. Everybody had an intestinal problem, and everybody had a respiratory problem living in the highlands. Damp. Cold. Not good sanitation. Sometimes water was not good. That was a matter of getting the military to work with us, to cooperate with it, and they did. Sometimes the civilian ministries were disappointing because they were pretty weak, especially in rural areas where the only government was the military. But the military was by and large cooperative and inclined to go back to the barracks and not try to run the country anymore, and the leadership of the military didn't want that responsibility.

Q: Had they been burned?

MICHEL: I think certainly the more thoughtful ones in the leadership roles saw that when you looked around the world, certainly when you looked around Latin America, you didn't see a lot of government leaders wearing military uniforms anymore. There had been a deserved negative reputation for Guatemalan military because of the ferocity of their counterinsurgency efforts in the late 1970's, early 1980's. They saw that the country would be better off if they pulled back, but they wouldn't pull back unless somebody was there to step forward. They were not going to pull back and leave a vacuum where trouble could happen.

Q: Was there a Cuban Sandinista or any kind of thing, influence in there or not?

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MICHEL: No. What you really had was that the presidents of Central America and senior people in their governments all talk to each other, and that includes the Nicaraguan Sandinistas. So there was a dialogue that was going on, and there was a resistance by the Guatemalans from breaking that solidarity with their neighbors and leaning too far toward Washington.

Q: How did you view this? Were we trying to keep our hand in or encouraging them to talk to each other?

MICHEL: There was this other regional diplomacy that went on. I certainly didn't try to discourage it because look at the size of these countries. Look at their economic capabilities. There's been a dream of Central American integration since 1821 anyway, when they all became independent on the same day. The idea of these countries cooperating I thought was by and large a good thing, and there were people in Washington who agreed with that. It was a question of degree, I think.

Q: Was there any form of American influence? The old united troop thing of having big American concerns using these as plantations. Was any of that going on in Guatemala by this time?

MICHEL: Well, Del Monte fresh fruit was still there on the Caribbean side, and they were largely bananas. They were concerned about not projecting that kind of an image and, indeed, sold some of their land and production to a local firm that was set up. I went out to the inauguration of this local firm's effort in banana production, and the people from Del Monte were there and wishing them well. There was a banana law that gave a privileged tax status to the producers of bananas as there were in all the Central American countries, and they were very interested in maintaining that law, which was a part of the economic promise on which they ran their business. If the law were to change, then they'd have to change other things in the calculations, so they didn't want to have to do that. But no, there was no exceptional private economic influence. There were companies that wanted

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to do business in Guatemala. We had a lot of commercial delegations. They kept the commercial officer very busy. There were two of them during my time. The second, Chuck Ford, is the U. S. Ambassador in Honduras today. He and his predecessor, Carlos Poza, would attract and organize reception for trade delegations that came from the United States, largely from the southern States. Chambers of Commerce and a state secretary of commerce or lieutenant governor would come down with them, and we put them together with these people in the modern Guatemalan private sector. The Caribbean Basin Initiative was still fairly new in those days, so you had the duty-free entry for the U. S. market that was interesting, and we tried to encourage some interest between southern states and Central American countries, and Guatemala was part of that. But no overwhelming private U. S. economic interest, a sugar company or anything like that.

Q: What about unions? What sort of role did unions play? The AFL-CIO for a long time... This goes back to the '40s, '50s, '60s, particularly, and put a lot of emphasis into training. How was this playing out when you were there?

MICHEL: Very active program. At that time Bill Doherty was the head of the AIFLD which was the AFL-CIO regional affiliate for Latin America, and we did a lot of work on training unions and a lot of work talking to employers about unions and talking to the government about unions. I'm reminded of one small anecdote where in my rule of law promotion capacity, I took an interest in an opportunity from the American Bar Association to have some arbitration experts come down and talk about, among other things, labor arbitration. We left it to the Guatemalan Bar Association to organize the seminar. And so the experts came down, and they had a labor arbitration seminar. The Bar Association didn't invite the union's lawyers to the seminar. They invited the company lawyers! When I learned about that—it was a two day event—I had a reception the first evening, and I invited all the union lawyers to the reception, and they showed up, and the people got the message, and they all came to the seminar the next day. [laughter] But that was a part of the process that was going on. There was the old way of doing things which was not to find ways to get along but to find ways to confront and to exercise your power over your opponent.

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The same thing with private sector-government relations. If you don't like a government policy, do you try to bring down the government, or do you try to lobby to get it changed? I could see some of the people in some of the business associations that were lobbying the government. It was a process. Unions, though, did have a tough time in Guatemala. No question about it.

Q: Were there ten families or thirty families or something like that? Some countries have this, some countries don't.

MICHEL: They used to talk about 14, I think, in El Salvador. I don't think it was that narrow, but certainly there was an elite group. I never tried to count them.

Q: You were late in the process, but earlier on our embassies tended to be caught up by the "ruling elite," and they were only presenting one side. It was a very comfortable way of dealing with...

MICHEL: Oh, you had to be alert to that, that these people were not representative of the country as a whole. And you had to get out and talk to others. One of the things that was difficult, though, was that so many issues were politicized. You had the far left and the far right. I felt that my freedom to go visit some of the human rights NGO's, for example, deal with them, was a little bit inhibited because of the risk that some of them, because they were politicized, would then use that to advance their agenda, and it would be seen by the establishment of the right as, "What are they really up to?" Some things that were controversial in the Guatemalan political context would not be controversial in our political context, and you had to just tread a little bit lightly on the one hand, while also encouraging and providing. And sometimes I would send somebody to represent me in dealing with some of these organizations.

Q: Had you been in Guatemala before?

MICHEL: Not for any... Not so I could say I knew the country.

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Q: This was not your turf, particularly, when you went there.

MICHEL: No. I was dealing with Guatemala issues only to a limited extent. I did a lot of reading. I did a lot of briefing with the people who knew the country very well before I went. And, of course, once my nomination was public, I had a lot of visits from people from Guatemala, and I did visit there and talk with people.

Q: You mentioned your DCM had been there before. Did you use the country team to sit and say, "What do I do now?" You have your ideas, but I mean to strategize this problem of right and left, and let's not send the wrong message.

MICHEL: Yea. Here we get into one of my pet enthusiasms which is strategic management. One of the things that a new ambassador does is get a letter of instruction. You get your letter from the President which says you're authorized, and you get a more detailed letter from the Secretary of State that sort of lays out your brief. If you're somebody on the inside and you know how this government works, you manage to write your own letter and work it up through the system. Then if the reviewers who are between you and the Secretary and finally the Secretary all agree, then that's the brief you get. So there were some strategic goals that I tried to set out in this letter, and then I had that when I got to the post signed off by the Secretary of State. So we developed in the embassy the strategic plan in which we set strategic goals about support for democratic governance, the dimension of keeping the military on board and at the same time finding a military role for them that was not the role of running the country: the economic dimension, the social dimension, etc., and used the country team. We had an AID mission direction who had been there for a while and had a lot of experience, very highly regarded. It was one of the biggest aid programs we had in Latin America. We had outstanding economists. We had one of the premier defense attaches who had been born in Nicaragua, served all over South America, knew the region, knew everybody in the Guatemalan armed forces up and down. Good country team.

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Q: On that subject of military attaches, there had been...and again, this goes back historically. The military attaches often in Latin America earlier on were not of top caliber where you took colonels and gave them the retirement thing. The South command and all, things had changed?

MICHEL: I think there was unevenness in the quality of the military attaches around the region, and if I didn't have the best, I had one of the best. There were a couple of clunkers, but by and large a good country team. We would sit down, and we would look at what's the action plan, what's the operational plan for trying to advance the strategic objectives. Who does what? When? And then we had a wonderful DCM secretary who enjoyed monitoring implementation. She wouldn't hesitate to call up the section head or the agency head and say, "You were supposed to have this done in April. Have you done it?"

Q: Sounds like you had your own little secretariat.

MICHEL: And we had the quarterly review of the operational plan. I don't know if you're having any more conversations with Paul White. Paul White might remember this. How can we take advantage of the Labor Department training events, because we didn't have any AID vehicle that would allow us quickly to respond. Well, Paul figured out how you do that - a program for educational opportunities. This would all get into this operational plan, and then I would send it to Washington once a year at least, and we would keep track of what we accomplished by the end of the year, and we could report on that and send a very long message to Washington. I'm not sure a lot of people read it very carefully. It was very important and useful for us.

Q: This raises a question often that it's nice to think you're appreciated and people are waiting with bated breath for what you're reporting, but at the same time they might come back with the wrong response, so it's nice to be able to feel you've accomplished something without the heavy hand of Washington.

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MICHEL: We were not in the center of anybody's sights in Guatemala, and I always appreciated that.

Q: What about immigration? Was there much in the way of... I can't tell one from another, but living here in Washington, I seem to feel that when I go to McDonald's to get my coffee, I'm surrounded by Central American Indians.

MICHEL: My successor in Guatemala, Tom Stroock, came to Washington to get briefed up, and I managed to be here for that. My wife and I took him and his wife to dinner at a French restaurant. We got to talking with the waiters, and they were both from Guatemala! I remember raising the immigration issue with my successor in that very visible way, but it wasn't something that we spent a lot of time on. I remember Diego Asencio headed a commission on development and migration. We didn't have a sense of urgency. We didn't see hordes of people; we knew there was a continuous movement. There was a movie, *El Norte* that came out about Guatemalan Indians working their way through Mexico and getting into California and so on. The thought generally was that we would keep working away to help these societies modernize, improve education and diversify their economies, create jobs, achieve political stability. We thought all of this over time will sort itself out. It was not seen as a front burner issue. One other issue of that nature that I'm still a little annoyed about is drugs. In Guatemala you had a little bit of marijuana being grown along the Mexican border on the other side of the mountain in little towns where the currency in circulation was more likely to be the Mexican peso than the Guatemalan quetzal. Our narcotics policy at the time was, "Go to the source!" That's was what they were doing in the Andean countries, and that's was what they were going to do in Guatemala. I said, from a Guatemala standpoint, that's Mexico. That marijuana never comes over the mountain to Guatemala. It's going north from there. Whether it's being grown there or in Nebraska doesn't make a lot of difference. If you're going to spend money and provide resources in Guatemala, let's worry about the fact of cocaine transshipment through Central American which has a potential to be a highly corrupting influence." They said,

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“No. We go to the source.” I couldn't in those days get much enthusiasm for trying to look at the interdiction and breaking up of supply chains rather than attacking everything at the source. That's changed, but at the time, that was one of my frustrations, an issue that's become bigger on our screen than it was at the time.

Q: What about the Mayans? Were we trying to do much to get to them?

MICHEL: There were a couple of things in addition to the agricultural diversification and immunization initiatives. Both things were educational. One was working with the universities. We had a scholarship program working with the Universidad Landivar, a Jesuit university which had a campus in the highlands. I can remember going to the campus. Again, one nice thing about the woman students who are of Mayan origin is you can pick them out by the way they're dressed, so you can see them there. You know they're there. They were learning bookkeeping, practical skills, what we would think of the community college kind of thing which was a new idea. Paul White knows a lot more about this than I do. Paul's background is in education. He was the Deputy AID Mission Director. Then we had through the generosity of Congress throughout Central American something called Peace Scholarships. There were two kinds of Peace Scholarships: One was the community college two-year or more kind of a scholarship, and the other was the six weeks version. I used to argue with people on Capitol Hill who liked the two-year variety, and I said, “The poor people can't go away for two years. They have family commitments. They have obligations. They can't just go away to school for two years.” The other kind, I thought, was much superior, and we did thousands of these. They involved training in-country including some English language, six weeks in the United States, living with a family, attending some practical course; again, bookkeeping, teacher training, business, health care, the whole array of things that you can do in a six week short course. When they came back home two things happened: One, refresher follow-up training and two, there was an alumni association. We provided support through local currency generated by our balance of payments through the government which was the outcome of our policy dialogue about macro economic policy. We put a little bit of local currency

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into this alumni association, and they had this little pot of money from which they could make small loans and grants to deserving civic action projects that were suggested by Peace Scholarship alumni who went back to their communities. The alumni association had meetings involving a lot of promotion of civic responsibility encouraging these people, largely young, to come back and use what they had learned not only for their own well being but for the well being of their communities. They would build little schools, for example, that were sometimes better than schools the government would build, and a lot faster. Water projects, little things like that with these very small amounts of local currency, and the criteria for approval would be, "Do other people in the community support this? Will the mayor put some of his limited resources into it? Will somebody donate the land? Who will benefit and how much and for how long and how will you know this will be sustainable?" Those kinds of things. I don't know how many thousands of people we reached with that, but a critical mass: ten, twenty thousand.

Q: I don't know whether it's Paul White or somebody else I'm interviewing who mentioned that there were programs to bring Latin Americans, particularly Central Americans to... They would end up in Miami for a course, mostly women, and one of the things they would take a look at the flea markets in Miami and come back and an awful lot of small entrepreneurs... Just flea markets, but something that spread throughout the villages.

MICHEL: Yea. There was some of that. New businesses starting. The Vice-President of Guatemala had an enthusiasm for micro enterprise, and we worked with him on micro enterprise fairs and trying to encourage the very small producers. Often in the indigenous families everybody in the family is involved in the enterprise.

Q: Do you feel that a dent was being made in the division, prejudice against the Mayans?

MICHEL: Yea. I remember being at Easter Mass in the cathedral in 1989, and the bishop had some of the readings done in the Mayan language by Mayan readers. That was a big step. There were those kinds of symbolic things. Did any of this make a big dent

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in the quality of life of the Mayans? Not a very big dent. I used to go around with the health minister on vaccination campaigns, and Latin America, I think, was fairly early in the elimination of polio, and we'd do the polio vaccine and go to the Indian villages, encourage. "Good mothers, take care of your babies." It was a straight forward, simple kind of a message that the Minister of Health used basically saying, "You're good if you get your baby vaccinated, and you're not a good mother if you don't." So we got a pretty good return on that. But schooling, still a problem. Before I got there—a long time before I got there—in the late '70s, maybe '80, '81, I can remember AID-sponsored bi-lingual education instructors being murdered in Guatemala by forces who didn't want those people to learn to read and write.

Q: How did you see the role of the Catholic Church there and of the Protestant missionaries? What were they doing?

MICHEL: This was really another interesting dynamic because it was very dynamic. The Church, Catholic Church, the established religion, was under some pressure because the protestant sects were so active and were proselytizing, and people in the United States were sending money to them, and they were able to offer social services and so forth. And then you had earlier on Rios Montt, who was the general who had earlier run the country, who had a church which was the Church of the Word, one of these Protestant organizations. This caused a little bit of a problem for me and for the embassy because the bishop kind of suspected that the U. S. government was encouraging these Protestant efforts because some prominent people in politics were active supporters of some of these organizations. I don't remember anybody in the executive branch; some congressman, for example, sort of thing, "Well, ahhh. Well, now we see. This is all Washington's effort to weaken the church." So that was something. I went and I visited with the bishop, and he was never quite convinced that there wasn't some plot here to undermine the church. But there was certainly a growing activism and a growing attraction to these Protestant religions and the evangelical movement.

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Q: From all accounts, it had been growing by leaps and bounds in Latin America. What about on the Catholic Church, was liberation, theology, kind of a thing of the past?

MICHEL: I would say that the Church was somewhat liberal. It was pro human rights. As often you find in Latin American countries it was sort of suspicious of market economies and capitalism and things like that, but on the whole was concerned about the welfare of the people. I think they were pretty good. They were not corrupted, let's say, by the traditional power structure, I thought.

Q: What about the neighbors, particularly to the colossus to the north, Mexico. Did that raise any problems?

MICHEL: Problems? There were always little quibbles and a sense that the Mexicans didn't respect their neighbors. One of the things that Carlos Salinas did when he was elected president in Mexico that I thought was smart from where I sat, was he made his first visit outside Mexico to Central America. I remember meeting him when he came to Central America and made Guatemala his first stop. That really helped a lot. When I arrived there had been a little bit of squabbling, I thought, between the US embassy and the Mexican embassy because the Mexican position on Central America was not very friendly to the U. S. But that didn't really amount to much. I got along pretty well with the Mexican embassy, and I never found them causing me any mischief or trying to undercut anything. I thought Mexico was certainly an independent voice. There was one occasion I recall when Guatemala set up a reconciliation commission as part of this Contadora process that included different political parties. A woman who owned one of the big newspapers was the head of it, and a retired military guy was on it, and somebody from one of the leftist—by Guatemalan standards—parties, and they got a certain amount of grief. The woman who chaired this commission found a funeral wreath on her front porch one morning when they were going to have a meeting that day. It was kind of a message that says, "You're doing dangerous stuff here with this reconciliation business." It was ironic because her husband had been killed by the leftist guerillas, so she was not a sympathizer by

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any means, but this was the degree of polarization that existed. I tried to encourage the diplomatic corps in Guatemala to show some support for these citizens who were trying to advance the peace in their society and who were getting a certain amount of a rough time. I thought a show of solidarity from the international community would give them a little bit of insulation. They wouldn't accept money from the government because that might be tainting, and certainly the U. S. couldn't be forward leaning on this because that would be tainting. So I put this forward in the diplomatic corps chaired by the papal nuncio. It was Mexico that was very concerned that we not get into the internal affairs of Guatemala. That was a very Mexican position. So we had our issues with Mexico, but it was always civilized. In the end, it was the Swedes who came forward first with some show of support for these folks. Eventually others did, and then we could join in supporting them without any ostentatious show of support. Relations with Mexico were not a big issue.

Q: Did you feel you had to tread somewhat carefully because we didn't want to appear to trying to outflank Mexico?

MICHEL: No. No. Uh-uh.

Q: Did Chiapas border on Guatemala.

MICHEL: Chiapas used to be part of Guatemala. In 1810 when Mexico became independent, Chiapas went with Mexico. In 1821 when Guatemala became independent, they were a smaller country than they had been a Captaincy general.

Q: Chiapas has always been rather a restive part of Mexico. Did that at all extend into Guatemala?

MICHEL: Well, there was no real border there. People went to Chiapas to get away from the violence in Guatemala, and then people from Chiapas went into Guatemala when things calmed down. In other words, the people didn't necessarily know there was a border

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in all cases. This was traditional land, and at one time the border used to be north of Chiapas rather than south of Chiapas.

Q: What about Belize which is sort of an anomaly in that whole area being a former English...

MICHEL: British Honduras at one time.

Q: Did that have any...

MICHEL: That's another one of those that evolves very, very slowly. There was a time when the Guatemalan maps didn't show Belize; that was part of Guatemala. The British installed it, but Guatemala didn't recognize their title. Later on, of course, they did recognize Belize, and they all get along, and they sit in the OAS, and it's all very civilized, but there have been disputes over the border which continue to this day.

Q: Was this contra war business?

MICHEL: No. That was Honduras and El Salvador.

Q: Yea, yea. I'm sorry.

MICHEL: That's an earlier time. There was poaching and people going back, but the Peten in the north of Guatemala is the part of the country that adjoins Belize, and that's... Oh, there's 100,000 people up there. That's probably about it. It's largely uninhabited rain forest. The rain forest continues into Belize where it's largely uninhabited, too. I suppose there may be some population pressures now, but it was more a philosophical dispute than one that had a lot of practical consequence. I think that border has a lot of unresolved areas.

Q: Was there much American tourism into Guatemala.

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MICHEL: No. The airline people lamented this; they recalled the days when there used to be a lot of tourism, and then you had the violence and tourists stopped coming. A lot of European tourists came to Guatemala. Beautiful country. Three cultures: You have the Spanish colonial culture, you get the local indigenous culture, and you get the modern Guatemala, and then the natural beauty and the temperature that stays in the 70's through almost all of the year. Land of Eternal Spring is their motto. Not true on the coasts and the rain forests of the north, but through much of the country it's really a lovely climate. We started to get some tourism. You had the people who never left from the 1950's and 1960's, the beat generation and the hippies and so on, who found that around Lake Atitlan the marijuana grew very easily, and they sort of dropped out of society. There were some other American residents in Guatemala. You had some business people there, and a growing tourism, but not a lot.

Q: Did you get any high level vice-presidential, presidential or any type of visits while you were there?

MICHEL: We had one vice-presidential visit.

Q: This would be George Bush.

MICHEL: This was later. This was Dan Quayle after George Bush was president. This was in 1989. That was an experience because it comes with a fairly large entourage.

Q: I remember reports come out. Dan Quayle did not rank very high at least with the press corps, so they made a lot of fun of him. Did this cause a problem?

MICHEL: There were no incidents, but it was more learning, coming, talking to these people, and then he left, and there was not a big issue. It was an opportunity. Here again, one thing that I'll always remember, is I encouraged him to have a breakfast with the heads of the democratic political parties in Guatemala to talk about democracy and politics and elections and did not invite the party of the far right that had been implicated in the

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two coup attempts that had occurred in the two years I had been there. The leaders of the democratic parties came to breakfast with the vice-president, and the far right did not come to breakfast with the vice-president.

Q: Tell me about the two coup attempts. What happened, and what were our reactions?

MICHEL: In both cases you had some people in the private sector and some people in the army who had delusions that everybody was going to rally around and this civilian government was so weak and corrupt and unreasonable that it didn't deserve to stay in office. I'm sure that there were promises made and maybe payments made to some of the military officers who led these adventures. The military command—the high command—and the minister of defense held firm. In the second one it was nasty because the coup plotters came to the Defense Minister's home and took his wife hostage. A nasty thing to do. They didn't have to go after families. And then they released her. But both failed. I was out there very visible with TV cameras and making absolutely clear where the U. S. stood, working the phones with Washington to get an OAS resolution adopted on the second one. The first one was over so fast. I remember some critics and analysts in Washington speculating that the first one was not a real coup but it was something that people wanted to get attention, that they were feeling neglected, that they didn't expect to really take over they country, but they were like the missile tests from North Korea: Pay attention now, please. I don't know. I have no knowledge of that. We had no pre-knowledge in either case that these were happening. These were both surprises to me, and I wondered about why that was, but we had no inkling that either of these was coming, and we reacted immediately and firmly and clearly and publicly, and I think that was a useful thing in making that go away. One of the...

Q: This is Tape 4, Side 1 with Jim Michel.

MICHEL: One small irony relates to the invitation to the heads of the democratic political parties to come to breakfast with the vice president of the United States, an invitation

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that added to their stature a little bit. One of them turned out to be the next president of Guatemala who really perpetrated the most serious constitutional challenge when he tried to dismiss the congress following the lead of his Peruvian counterpart. The political forces rallied around and asked him to leave, and that was the end of it, but he did, unfortunately, create a more serious constitutional challenge than either of the coup attempts had caused.

Q: Did events in other parts of Latin America or the Caribbean resonate at all in Guatemala?

MICHEL: Certainly the Central American solidarity and the communication. The regional institutions were pretty active. The political leaders talked to each other. One of the things that was interesting to see and it's pretty commonplace now where you have this institutionalized, but throughout Latin America legislative leaders talked to each other; heads of judiciaries talked to each other; education people talked to each other in ways that were less common in the past. I think part of that is economics, but part of it, too, is the sense that they're not alone. They're not an island. But the focus was Central America, not broader than that.

Q: What about El Salvador? How were things shaping up during the time you were there in El Salvador?

MICHEL: Well, certainly in '87, '88 you had more conflict. The tide was turning, but you had a more active conflict, and people would come to Guatemala to get away from El Salvador including people in the American embassy in El Salvador who would come to Guatemala for a little R&R. But you could drive from El Salvador into Guatemala. The Guatemalan focus was largely centered on Guatemala, but there was this regional phenomenon going on in Central America in which they were pretty active. There's an historical rationale here at work, and that is that Guatemala was the Captaincy General of Central America. The capital of Central America was Guatemala. The Guatemalans retain

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a sense of a leadership role. I think there's not as much followership in the region as the Guatemalans would like, but the Guatemalans I think feel, partly because of the historical connections, that they have a role to play in Central America.

Q: Honduras. Does that have any... Honduras was having Indian problems, weren't they or not? That was mainly Nicaragua, I guess Miskito Indians.

MICHEL: Honduras, I don't think, loomed large in anybody's thinking in Guatemala.

Q: What about American education? Did you have people who went around to Georgetown or elsewhere and come back and were taking a lead in Guatemalan politics?

MICHEL: It wasn't that visible. As I described earlier, the short course, peace scholarships, covered a much larger sweep of the population.

Q: This was the elite who were coming out of the Georgetown program.

MICHEL: Georgetown was the principle institution working on these two-year scholarship programs. I guess I wasn't there long enough to see what the impact of that was. I don't really have a...

Q: I was wondering before, because in places often Catholic institutions had been supplying students coming out of...sent there by their families who were part of the elite.

MICHEL: Well, yea. Loyola in New Orleans, and New Orleans, of course, used to be the gateway city. Well, the finance minister was a Harvard trained economist. There were people, yes, who had that education, sometimes from catholic universities, sometimes from other universities, sometimes state universities in the U. S. Not a very big group.

Q: You didn't have anything like the Chicago Gang, the Chicago Boys.

MICHEL: Chicago boys.

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Q: And in Chile about the same time.

MICHEL: No. We had the University Marroquin which was a private university financed by the private sector who had faculty and administrators who certainly knew and had connections with Arnold Harberger and people like that who had worked in Chile, and they were very much of the Milton Friedman variety of economics, free enterprise, and actually a pretty solid academic staff there.

Q: You left there in '89?

MICHEL: I left at the end of '89, and that was a short tenure. Two things happened: One is that Tom Strook who was my successor had played on the Yale baseball team with George Bush and wanted to come to Guatemala.

Q: Did he have any ties to Guatemala?

MICHEL: His daughter had been there in the Peace Corps, I think. He was from Wyoming, and he was in the state legislature and also was a successful businessman. The other thing was that the assistant administrator of USAID position—presidential appointment confirmed by the Senate—had been vacant for a year throughout the Bush administration. I got a call from the White House saying they wanted to send someone to Guatemala as Ambassador, and about the same time or a little later, I got a visit from the acting administrator of AID. The new administration had not yet named their AID administrator, but the acting administrator, Mark Edelman, visited Guatemala, as a part of a visit he was making to Latin America. I had known Mark for years. He'd worked in the State Department; he had worked in the Senate. We got to talking one night during his visit, and he said, "You know, why don't you see if you might take on this job as Assistant Administrator of AID for Latin America?" I had become so enthused and learned so much about the development issues, and integrated governance and democracy into the AID program and then working in Guatemala across the board in trying to understand how

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does the road improvement relate to the agricultural production, relate to the education, relate to the health, relate to the water, relate to the environment, relate to the dispute resolution capacity. How does all this fit relate to the exchange rate? So that to me sounded like a wonderful opportunity. I enjoyed Guatemala tremendously. I enjoyed the management aspect of working with all these difference agencies and trying to get them to point in the same direction. But after having worked with the hemisphere, and learning in depth about one country, the idea of going back and working with the hemisphere with the focus on these issues that I had come to see in my own view of our relations with Latin America as really important and maybe in need of a little push to give them more prominence sounded like the most attractive thing I could do. So I came back at the end of '89 and with encouragement from senior people in the State Department, went over to the White House and was interviewed for this. I told them, "I'm not a Republican; I'm not a Democrat; I'm a civil servant, and I've served Republican administrations, Democratic administrations, and I do so loyally, and I'll try not to embarrass the president." And they said, "OK, that's good enough," and I think largely because of people in senior positions in the State Department vouching for me that President Bush appointed me then to that job, and the Senate confirmed me very quickly and easily, and I went on to another phase of public service.

Q: OK. We'll pick this up the next time when you were back in Washington in '89 as a... Was it Assistant...

MICHEL: Administrator.

Q: Administrator for Latin American affairs with AID.

MICHEL: Yea. Actually, by the time I got back, got settled in, got through the paperwork, it was early 1990. So it was just after the U. S. military went into Panama.

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Q: OK. You had talked about how you got the job, but we'll talk about your time there including the impact on your job of going into Panama.

Q: OK. Today is the 23rd of August 2006. Firstly, what was this job, or did you have anything you wanted to add before?

MICHEL: Well, yes. As I've done in the several sessions we've had, I think about what I had described which is usually one assignment and then turning to a new one when we break, and I have a couple of afterthoughts about the assignment we completed discussing, and there are two things I think about my experience in Guatemala that I'd like to include in this interview. One is, to me it was very important to try to organize the agencies of the U. S. government represented by that embassy around some themes and some objectives that were shared U. S. government objectives and to dilute somewhat the idea of individual missions of individual agencies. The opportunity to do that was presented by the practice of the ambassador's letter that set out objectives.

Q: This is the president writes a letter to the ambassador saying, "You are in charge." This goes back to Kennedy.

MICHEL: Right. If you are a career person on the inside, you have the opportunity within the bureaucracy in the State Department to contribute to the statement of the U. S. objectives for the country to which you are being assigned and, indeed, to draft those objectives and offer them up to people who send them up through the chain of command. If you're informed and reasonable, you pretty much will see back in the letter from the Secretary of State the objectives that you suggested. In Guatemala we had a very extensive list of things that we were looking at in a country that was going through a very difficult transition. The military had left; the civilians had arrived. But it was in a very unstable situation: two coup attempts while I was there. I went back, and I looked at the checklist that I had prepared after I returned that tried to reduce the country team action plan to an unclassified document I could keep. It is a generic document that just

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lists the subjects without saying what we were doing about any of them, but I thought it might be useful to mention the main headings of what we were trying to address as a country team. It illustrates a couple of things. One is I think it was somewhat intrusive of us to be interested in all of these things, and the other is that I think it was done in the best spirit of advancing U. S. interests by finding common interests with our neighboring countries where we have something of a shared destiny. Let me read off a couple of the main headings: One was “Preservation and Institutional Development of Democracy.” This is from 1987, not last week, which had several things in it: Improved performance by the public sector. That's electoral process, legislative, judicial, executive, military, local government; two, support for democratic process from various sectors of society and moderation of distrust between sectors—business, labor, etc., religious community, political party, media. And third, under that heading of “Preservation and Institutional development and Democracy” was respect for and protection of human rights. Second main area was equitable broadly based economic growth. We wanted to encourage adherence to sound economic polities, expand non-traditional exports, increase access to and effective use of capital (domestic and international), efficient and effective provision of social services, infrastructure, and preservation of the environment. So these were all things that we were interested in. Agricultural activity. Growth of tourism. Access to land. The third area was to encourage the local government to support democratic values and objectives in relations with their neighbors including the United States, to have a positive image of the United States, to persuasively inform and explain U. S. government positions and seek agreement on similar way of looking at these issues, to eliminate the capacity of the conflict to impede political, economic, and social progress, to work on supporting local efforts to eliminate narcotics, trafficking, and cultivation and, of course, finally, to manage the mission in an efficient way and in a secure environment. So this was a very broad agenda!

Q: Here you are, a diplomatic mission, whose job it is, essentially, in the normal thing, to go to a country and represent American interests, keep commerce going, and all that.

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This is the agenda of a politician in the country who's running for president. I'm not saying wrong or not, but it's so undiplomatic that it almost has nothing to do with diplomacy.

MICHEL: Oh, no. We were not doing all these things. These were all issues we were looking at...

Q: *Do you think...*

MICHEL: ...within the country.

Q: *...that any other country come in with anything...*

MICHEL: Any other country that had relations there?

Q: *Yea.*

MICHEL: No.

Q: *We were working at a completely different...*

MICHEL: ...at a different level with a very large AID program, with a very large USIA program, with military cooperation. Not much military assistance.

Q: *You were working very hard to keep the...*

MICHEL: *Yea.*

Q: *...from becoming a...*

MICHEL: ...with these one platoon at a time with these medical experts or logistics experts or engineers. One of the things that struck me was that if you went to a diplomatic event hosted by almost any of the diplomatic missions, most of the people there would be other diplomats. If you went to a U. S. hosted event, most of the people there would

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be Guatemalans, and you would have some other diplomats. But the emphasis was somewhat different. I think it was we were so large a presence in that region, and while this issues list is written out, other U. S. embassies in the region didn't have it in that form, but I suggest to you that in the 1980's, U. S. embassies were looking at the economics, they were looking at the politics, they were looking at the social, and they were trying to work on how U. S. interests could be advanced by encouraging what you might say, "modernization," in the socio-economic-political life of the countries in that part of the world.

Q: And probably in other parts of the world, too.

MICHEL: Yes.

Q: Just looking at this, we've all been dealing with this. We're part of the process. But putting it as boldly as that, this is really... I mean, Americans in the way we've evolved since World War II are the do-gooders par excellence, at least in our own minds whether we are successful or not in certain areas. But it's an active—a very active—agenda. Did you find yourself ever having, particularly your European colleagues, or maybe a lot of Latin American colleagues looking at you and saying, "You're in too deep," or anything of that nature?

MICHEL: Oh, sure. Sure. That was a concern on the part of some Latin American countries—Mexico is a good example—that of a country that was very careful about the rhetoric of non-interference because they didn't want to be interfered with by us, and some European countries that had a narrower range of interest. Now, some of these were very intrusive. Some of the countries of Northern Europe in their concern for human rights were very much involved with local groups and so forth in ways that were just as much into the local life and issues as of anything that the United States was doing across the board. We had an economic dialogue with the finance minister and the president of the central bank about exchange rates and interest rates which were very much their domestic policies,

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but they affected us because we were providing large resources to help them modernize their economy, and if they had economic policies that caused the dollars we put in to flee the country as soon as they were deposited in the central bank, that was frustrating the objectives of U. S. assistance and wasting the resources provided by U. S. taxpayers. But it was a very intense and broad-ranging set of interests, a dozen U. S. agencies there, into all these things. The idea was to have each of them aware of what the other was interested in and looking at how all these things fit together, and did they make any sense in the U. S. policy context.

Q: With your Guatemalan contacts, particularly within the government but even maybe outside, did every once in a while they look you straight in the eye and say, "Back off?"

MICHEL: Not too much. Not too much. No. There wasn't much of that.

Q: Did you ever have any problems reining your people in from time to time saying, "Wait a minute. You're a little too deep into this."

MICHEL: Oh sure, sure. But that was a part of the management of this many headed entity called an embassy.

Q: You mentioned there were two things.

MICHEL: The other was just a sense that the security environment which, if anything, has become more complicated recently with terrorism being as much in the forefront of everybody's thinking, and security precautions being ever greater. It was kind of hard for people to deal with the U. S. government because of this security, and I felt somewhat as the ambassador who took ten Guatemalan policemen and two Diplomatic Security agents with me everywhere I went, so I felt I was intruding no matter whom I visited, that it was a little bit difficult to engage and to have access because you had this entourage.

Q: Who succeeded you, by the way?

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MICHEL: Tom Strook.

Q: I'm not sure if I asked, but was your impression you were getting from both Europe that you were picking up from the Guatemalans of what was happening in Honduras? Apparently, Honduras is a completely different environment.

MICHEL: You mean because of the conflict in Nicaragua and the contra bases or what?

Q: Also the government there, from what I gather, is not...

MICHEL: Well, Honduras... I was coming from the bureau that managed inter-American affairs in Washington, and I had a perception that the Honduran institutions of governance were not very strong and that there was a pretty high level of corruption, and I don't think I learned anything while serving in Guatemala that led me to different conclusions. Ted Briggs was the ambassador to Honduras for most of my tenure, and he would come to Guatemala from time to time, and from visitors passing through or things I read, I don't think anything caused me to have very much of a different feeling. I think Honduras has come some way since then. I've had the opportunity to do a little work in my consulting life looking at the implementation of some of the judicial reforms that they've made. For example, they've broken the lock on the tenure of the Supreme Court being tied to the tenure of the President. It used to be the President came in, and the President's party won the majority in the Congress, and the Congress elected a new Supreme Court. The rule of law was just an extension of politics. They've broken that timing now and the Supreme Court members are selected through a very complex process of nominations from a lot of different places, and their tenure is a lot longer so it doesn't coincide with the presidential term. That's an example. There are other things. At the time, progress was less evident. I guess Honduras got a civilian government in 1980, a little before the Guatemalans, a little before the Salvadorans, but it didn't move quickly to solidify into very strong democratic institutions.

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Q: You left Guatemala when?

MICHEL: Toward the end of 1989.

Q: So we'll move to your next job.

MICHEL: OK. Sure.

Q: Your next job was what, and you did it from when to when?

MICHEL: OK. I came back and, as I described last session, I was encouraged to take this job as Assistant Administrator of USAID for Latin America and the Caribbean. I guess I was nominated in January or February and confirmed March or April. While awaiting confirmation, I was sitting in the AID bureau advising the Acting Assistant Administrator who had been the deputy and was the deputy again after my confirmation. So I was engaged in learning how AID functioned as I was going through the confirmation process, and I stayed in that job then until the end of 1992 when I was asked to move up to the front office of AID in connection with the transition after President Clinton's election.

Q: When you arrived in the AID bureau, what were you carrying with you as far as your perception of AID as it was, not just from your country, but as an organization and your colleagues talking about it?

MICHEL: Well, I had the State Department bias about AID, which was that AID tended to want to go it alone. AID staff were afraid often times of getting too close to U. S. foreign policy, which they defined as short-term foreign policy rather than seeing development as a part of a broader foreign policy objective. They were afraid that the State Department and, especially, ambassadors, would have short term interests like, "There will be a visit next month. Can you do something that would make that a happier visit by providing a grant to this or that entity that is favored by the wife of the president," and you will see the money disappear with no results. They were afraid of that. They didn't want to do that.

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They were criticized a lot, so they tended to be risk adverse. So that was one aspect. At the same time, having worked with AID people for a long time, I had respect for the talent and dedication of people who really knew something about development and were, I think, perhaps, if you look at agency cultures, more willing than many to seek out the hardship posts, the difficult environments, because they thought they could do more good there. There was this idealistic quality. If you were to have the auditorium full of AID people and you asked all the former Peace Corps volunteers to stand up, not many people would be left sitting. That was the orientation. These were people who had heard John Kennedy speak during his presidential campaign in 1960, and...

Q: Answered the call.

MICHEL: Answered the call.

Q: Did you...

MICHEL: One other thing, and that is the USAID capacity to manage, which is not one of the great attributes of the State Department. Not part of the State Department culture. The State Department has a wonderful capacity to convene, to coordinate, to get others to do things, but not to take on the burden of program management itself. It tends not to be as good as that. So those were the kind of views that I had going in.

Q: Two of the things that I've heard. I've never really operated in my time in the Foreign Service in an AID place except Viet Nam, but there you're... But that's such a completely different environment. But one was an AID man would come out to country X and had a forestry background, and so you were planting trees all over the place. The next one who replaced him was a handicraft person, and all of a sudden you had indigenous handicraft, and the trees would wither. It was the follow through. That's one problem, and the other one was that so much of AID in place of it going to studies which were greatly to the

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benefit of Michigan State, or universities would come out and do stuff and do reports. I was wondering whether you came across...

MICHEL: As a matter of fact, one of the things that was most satisfying about the work at AID was developing management systems in a participatory way to deal with some of those issues. I went through with you the country checklist of issues that we thought about in the embassy. I used that experience when I got back to AID. One of the early things that we did was have an off-site retreat of office directors and senior people in the Latin American Bureau of AID, and we talked about strategic objectives for the program for this region, and we came up with a somewhat simpler set with three objectives. First was support the achievement of broadly based and sustainable economic growth. Second, support the evolution of stable participatory democracies, and three, respond to specific challenges that get in the way of the first two. Things like the ability to work together in regional context, and combat epidemic illnesses, and drugs which got in the way. But within that set of three strategic objectives, we had areas that we would concentrate on: economic policy, the private sector response to policy reform, the social dimension and increasing opportunities for participation, and protection of the environment were all parts of the economic dimension. The democracy dimension had two parts: first, encourage competent civilian government institutions that would operate honestly and, second, encourage pluralism and tolerance and support for democratic values by the non-governmental entities. That was it! The articulation of this came out of a long discussion among leaders, and then we had a meeting of the mission directors, and we talked some more. Finally, everybody was on board with an agreed framework. Then we would look in the first half of the year at the strategic plans which tend to be five year plans of the missions, and their annual action plans for implementing those strategic plans. This was the template. You didn't have to do everything, and it didn't make sense to do everything everywhere, but you had to fit within the strategic framework. "This is what we do here; if you have a country plan, tell us how it fits within that framework." In the second half of the year we had a couple of people who were experts at looking at portfolios. They went out,

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and they looked at performance and how the missions were implementing these plans that had gotten approved in the first half of the year. The State Department and other agencies participated in the reviews as appropriate. It was a time where people in the bureau and in the missions in that part of the world were pretty happy with the sense of mission that they had, were pretty happy with the support that Washington provided. One of the things we did was ask the missions coming in with their plans, to report on their impressions of programs that AID put money into that were out of the mission's control, such as the grant to the university that is run by the agriculture office in Washington, and grade them A, B, and C. A, it supports your program; B, it's irrelevant; or C, it's harmful. I really offended some of the folks in Washington with the reports back from the missions that I gleefully sent up to the AID administrator saying this research program about how to grow peanuts in a country where we're trying to encourage them to grow something of higher value, is really undermining the mission and not helping it. Maybe it's helping the people doing the research, but it's not helping the country.

Q: As you were going through this grand review and all, were you running across these projects? You hear more about them in Africa. You know, running, trying to raise the breeding level of cattle and finding out they're ending up with roast beef someplace or it's fine as long as the money's there, and people will do it, but as soon as the support goes away, it withers. Seeing this...

MICHEL: Looked out for that all the time. I remember in particular the program in Haiti on reforestation that was trying to encourage the farmers to take a tree, and it was all push and no pull. We got it turned around so that farmers were willing to pay for the tress, and there was pull, and there was a value. Sure. Within this framework we were trying to get away from that kind of thing. Sustainability. What's going to be there after the program ends? And in these reviews, this was the kind of debate you had. What happens when the donor goes away? What will be left? If you went back to take a picture of it five years from now, would there be anything there? Let's avoid the patch of green. Always talked about patches of green, because when you turn off the money spigot, the green turns

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brown again. So let's think of policies, let's think in terms of incentives, let's think in terms of institutions, and not so much in terms of feel-good projects, the handicrafts project that works fine while you have the American handicrafts expert there who can pick up the phone and call markets around the world, but as soon as they go away, you have this little co-op that is in debt and doesn't know how to use the telephone or cannot get the airline to carry its goods and all those kinds of things. So yea, absolutely. This was a great part of having a process, having a structure that asks these tough questions and that had people that went out and looked at that. And as I say, the strategy and action plan review in the spring and the portfolio review of implementation in the fall.

Historically, program reviews in AID culminated in lengthy meetings. AID practice had been to have meetings that lasted three hours. I insisted on getting the preliminary work done before the meeting so that we could do the final review in 90 minutes. At first some interpreted this as heresy, but most people came to appreciate that you could get more done in an hour and a half that you could in three hours.

Q: Before we move to specific countries and programs, I would think that a little bit sort of pressures on the outside, and I can think of two. One, the universities. You're breaking a lot of rice bowls. You've got a professor who's always been sending teams of pottery specialists or the equivalent. They had their specialties which are not particularly keyed to any particular place. They just have their specialty, and they can write great grants. That's it. Some are very good and some aren't. These are taste specific, and they don't meet maybe the requirements that you have. The other one is Congress, particularly Congress staff.

MICHEL: Pet projects.

Q: They have pet projects. They have maybe an Ecuadorian wife or something like that, and so you...

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MICHEL: Or a university they love.

Q: Yea. Something like that. Did you find yourself in conflict in dealing with these pressures.

MICHEL: Yes. I mentioned that there were parts of the State Department that were the functional bureaus—excuse me, AID—that AID likes to call “central bureaus,” and I always didn't like the “central” versus “regional.”

Q: Peripheral.

MICHEL: Yea. That's right. That was the... It's the what are we possibly...

[crosstalk]

Q: Substantive versus non-substantive. I was a consular officer out there and considered that that was nonsense, and you can imagine what that does to you.

MICHEL: Sure. Sure. That's irritating. So I always used to say the “functional bureaus,” but we had the functional bureaus, and they wanted their piece of the money, and they would have programs oftentimes that were longstanding with various universities and other organizations. I was trying to encourage pushing programming out to the field, the people in the missions who were there, within the country team. Then there was a very good working relationship with State Department. Bernie Aronson was the Assistant Secretary of State, and we would get together—I think it was weekly—and he would chair a meeting. He had a deputy for economic matters, who I think is now is the chief economist for Bear Sterns, a very capable economist. We would have assistant secretary, deputy assistant secretary representation from Treasury, often the U. S. executive director from the Inter-American Development bank, maybe the World Bank, maybe the IMF, myself, and maybe somebody from the Economic Bureau of State, maybe somebody from

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Agriculture Department, maybe not. We always had the assistant USTR there for Latin America.

Q: The U. S. Trade representative to Latin America.

MICHEL: Right. We would look at U. S. economic relations with Latin America and whether we were talking about the free trade or whatever the issue was, we would do it on an inter-agency basis. So that was some protection against some of the traditionalists, let's say, because I had help. Bernie and I often testified together and spoke together at meetings and things like that. There was a mutually reinforcing relationship, so that helped, I think, but sometimes we didn't get all the resources out to the field. Some resources went other ways, and we didn't eliminate the earmarks in Congress, but we tried to work around them and work with them.

Q: You might explain what an earmark was.

MICHEL: Well, this is where Congress says that of the funds available, a certain amount will be used for purpose X, or small businesses not to exceed or child survival programs or scholarships for students who are specialized in X or Y or some other thing that they think is important. Maybe there are only two universities in the United States that are interested in providing the training to these folks. But it's Congress saying how to spend the resources, which doesn't necessarily conform with the structure that I outlined earlier of broadly based economic growth and strengthened participatory democratic governance. You try to work with all of that, and you have budget experts who can say, "Well, we can perhaps use the environment money this way, or we can use the health money that way so that it fits into the overall picture." And we had at that time some of our available resources that came in a form that was more flexible. That was the economic support fund money where the State Department had the last word of how it was allocated on a country basis, but it was managed by AID. It was about half of the resources that we had to work with, and we considered that a part of our budget. I think today that has changed,

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and AID thinks of this as State Department money, and the State Department thinks of it as State Department money, and sometimes they manage it themselves with State, and sometimes they do contracts or grants of their own, and the whole thing has become, I think, somewhat more fragmented, but that's another story.

Q: We're talking about the time you were. Did you find a contracting procedure where you went to special program... How did you find it. Was it too many cozy arrangements or, if not cozy, it's just that they'd been doing it for a long time and kept doing it? How did you find, was it more flexible than...

MICHEL: The areas that I was most intensely focused on were in two areas. I set up offices within this bureau, one on trade and investment and one on democratic initiatives with office directors. These had been sort of specialized little programs previously, and I wanted to elevate them. Then we wanted to have some instruments that we could use to give prominence to these themes, and I found that one, there were traditional ways that AID dealt. "Oh, well, we want to this. We'll just give a grant to these guys. You know, the State Association of Chambers of Commerce, and that's how we'll deal with that." I wanted us to use our brains instead of delegating. On the other hand, I learned that the process is so designed to assure competition and objectivity and avoidance of conflicts, and so on, that it's very slow. So you have one tendency toward bureaucratic inertia, "This is the way we always do it," that had to be addressed. Sometimes there were good reasons for doing things these ways, and sometimes there weren't, and there's also the fact that you have a bureaucratic process that moves very slowly.

Q: Did you find that there was a pretty good feedback system? In other words, you contracted X university or corporation, what have you, to do something, and maybe they didn't do a very good job. Could you vote either yea or nay or give them their tail or...

MICHEL: No. Look. We had for all of these programs in the strategic structure that I described, we had indicators of performance. Milestones. We tried to insist on baseline

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data being established whenever any project was initiated so you could then come back and take a look and see if you were making progress or if you weren't. I didn't get into the details, but I would stay on the case of the mission and the mission director to stay on the details because we had twenty-odd countries, maybe, to deal with, and these were very senior Foreign Service officers who ran those missions. It was their job to make sure their portfolios were performing and my job to make sure that they were doing it. So that was the way it worked, and within that year, we did try to look at performance. One of the things that we did... Of course, you have the normal performance evaluation system about how your people are performing, and are your missions doing well or not. We had a technique called the "management review" of a mission. If you had a troubled mission—and I had one troubled mission where we had to move out both the mission director and deputy—but we had the management review by very senior, capable people going in and starting with the ambassador working their way through, how is this mission functioning or not functioning? We did mission management reviews; we did the normal evaluation, and we had something that was objective that was, in a way, sort of a precursor of what is the Millennium Challenge Account approach. We set aside a percentage of the resources that were in our discretion to allocate among the country programs, and we...I think it was 10% that was a plus-up, an add-on, for the countries that were doing the best in advancing these strategic objectives of economic progress and democratic governance. And we had some criteria for measuring economic policies, human rights performance—looking at Freedom House and so on—environmental. And the countries that scored the best got a piece of this 10%. It was interesting because sometimes missions would say, "We in the mission are doing a tremendously good job here working with some difficult issues, and the country isn't performing very well because it's dealing with difficult issues, so we deserve additional resources." And we have to go back and explain that the decisions on supplemental resources was not a reflection on the mission's performance. It's a reflection on the country's performance. And we wanted countries to know. It wasn't a lot of money because we didn't have a lot to set aside like the Millennium Challenge Account does today, but it was something. Unfortunately, before I left that office, we had one of the

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Haiti crises that periodically comes along, and we had boat people landing in Florida and disintegration and misery and suffering in Haiti, and we had to take away the money that was earmarked for the good performers because you had to scrape up whatever you could to put resources into humanitarian and emergency measures. Understandable, but it's in a way too bad you couldn't have something set aside that was sheltered for the good performers as an incentive.

Q: You were coming to the job—correct me if I'm wrong—at a pretty good time in Latin America because it wasn't this when all of a sudden Latin America was getting rid of the dictators and moving on, or had that happened?

MICHEL: That had pretty much happened. I remember going to a summit meeting, of Central American heads of state with Secretary of State Baker while I was in the Assistant Administrator job at AID. It was held in Antigua, Guatemala. The popularly elected Central American presidents were all there sitting around the table, and there wasn't a uniform in the room. I was sort of smiling to myself while I was sitting there looking at that. But that had all happened in the 1980's. Well, I guess Violeta Chamorro had been the last of the elected presidents who were in that assembly.

Q: When you were looking to this, was the Caribbean sort of a different fish than the rest of Latin America in your point of view?

MICHEL: Oh, sure. The Dominican Republic we tended to think about with Central America pretty much in terms of culture, language, size, etc., and Belize which was on the mainland we tended to think of as being more like the island Caribbean, but sure. You look at per capita income. It's higher in the Caribbean countries. You look at the size of these countries, and pretty small. I remember having a conversation once with the prime minister of Dominica who was talking about an issue that Dominica was dealing with which was the sequencing of laying the sewer pipes and paving the streets. It was like talking with a municipal planner because the country, I think, is 90,000 people or something like

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that. So yea, the Caribbean was very different. Now we had significant AID programs. We had a regional office in Barbados though we didn't have aid for Barbados. They were too rich. The regional mission supported the AID operations in the small islands, thereabouts. Granada, I guess, was the one having the largest program still at that time. There was a certain amount of infrastructure that was being supported by the AID program. Jamaica had a significant AID program and its own AID mission.

Q: With Jamaica, I always think of when they had—I can't think of his name now—sort of a charismatic anti-American president for a long time.

MICHEL: Oh, yea. Manley.

Q: Manley. But he had gone by this time, hadn't he?

MICHEL: Well, he was around and, indeed, he came back. Michael Manley. A very impressive guy. I met him and had some opportunity to engage in a conversation with him. And Edward Seaga was the other party leader, and they'd go back and forth a little bit as Prime Minister during my time in dealing with Jamaica. I'm not sure if Seaga was in office during any of the time I was in AID. I know he was during the time I was at State, and the two of them were the party leaders. Manley really went through a conversion in his thinking about economic policy and moved away from his Fabian socialism origins. I don't know if he had gone to London School of Economics...

Q: There had been so many.

MICHEL: Yea. But he was from that earlier in the 20th Century Socialist oriented university background and came later in life to conclude that that really wasn't what was going to help the people of Jamaica advance in the world and came up with more attention to market forces and incentives and some economic policy reforms that did help the country.

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Q: Taking Haiti out of the thing, how did you find the Caribbean basin doing as far as moving the way we wanted things to go during that time.

MICHEL: Not badly. Slowly but, as I say, the income levels in the Caribbean tended to be higher than in the mainland countries of Latin America, and social services, education level, health, all pretty much at a better level than in Latin America.

Q: The Dominican Republic is a pretty big hunk. How was that doing?

MICHEL: The Dominican Republic, as I say, we tended to think of as being part of Latin America rather than the Caribbean because of all of the characteristics of the country, and it was having difficulties. You had a pretty authoritarian approach by the elected government, headed by Balaguer.

Q: That evolved pretty well.

MICHEL: Yea. Yea. So you had this centralized power. I met Balaguer, and he was a force, but he had his ideas, and he was in his 80's, I guess. We didn't have the ability to tell him anything he didn't know, and he didn't really want to know anything from us.

Q: Did we have programs there?

MICHEL: We did, and indeed, I think that during the time I was in that job at AID the most interesting program there was working with civil society and particularly with one of the leading universities on trying to support more of a democratic culture. The rector of the leading university had a broad, wide respect, and could convene meetings that would get the different political parties to all come together, which not many people could do. There was a lot of work that was done on election reform, a lot of work that was done on legislative reform, a lot of work that was done on judicial reform, supported by the AID mission, and I went there several times. This was one I kept an eye on because it was pretty sensitive. There were contested elections and fraud complaints that were justified to

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a great extent, and the risk was you could get in the middle. The motto of the AID mission was in Spanish: “medio paso atras” which is “half a step behind.” It meant, “Don't get out in front. Don't get in the middle. Don't pick favorites. Support the process. And do it in a way that is half a step behind the Dominicans,” not telling them what to do or imposing our ideas and so forth. That process—you talk about things that come and go—I just received, not this year but a year ago, from the university that was in the center of this process a ten year retrospective of their efforts and the support that the United States provided for their efforts. I think that the Dominican Republic, to their own credit and due to their own efforts, is doing much better today. The Fernandez government is achieving economic growth again. They had a bad patch under his predecessor. He's back for a second time, and one of the firms that I work with now has a rule of law, anti-corruption project in the Dominican Republic which is doing very well dealing with continued issues of institutional weakness and dealing with major cases. I think that that AID support really was a valuable factor that helped the Dominicans sort out for themselves the direction and how to do things that they wanted to do for themselves. And they've done them! Not perfect. Democracy is a process of continuous evolution, but I think the best thing you can say about any AID program is that it helped the country and the people of that country to do things for themselves, to make their own decisions and carry them out, and it didn't go in and build some edifice that was a memorial to U. S. generosity but that didn't really didn't change the quality of life or be something that people really wanted and would sustain for their own reasons.

Q: Let's take Caribbean basins to begin with. How did you find the universities there? In so many places the universities are almost no-go areas, or they used to be, because they turn out violent Marxists who immediately become Capitalists once they graduate. They are sort of a unique institution.

MICHEL: Yea. Well, you go back. When I was in State Department in the early 1980's, I remember having a talk with the then-president of El Salvador who had been a university professor. This is President Magana. We were talking about the fact that so many of the universities had been weakened by the political conflict, and you have the right

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and the left, and it was pretty difficult. The quality, then, of universities had declined, and one of the things that came out of that was that we then set up a program as we were working on how to support rule of law and administration of justice whereby the University of Costa Rica which was in pretty good shape took graduate students from the neighboring countries who made a commitment to work in public service. It was small, but we did maybe ten or twelve a year, and the Dominican Republic participated in that Central America program to raise the professional level of people in the justice sector. Public service included academic, and so it contributed the strength and the institution of governance and the academic institutions. One of the alumni of the University of Costa Rica graduate program today is the dean of the national university law school in Guatemala, where he is a leader in curriculum reform! This is one of the other things that you can't measure very easily because AID, like USIA, has given lots of scholarships to people. Some of them, I'm sure, turn out to be duds, but we can all look around and see people who have made a real contribution who are able to do more because they had that scholarship.

Q: In Latin America. not Caribbean, where were our best spots and where were our problem spots AID-wise?

MICHEL: There were some where AID was a relatively small player. The southern cone. We had...

Q: Some would be Argentine, Chile...

MICHEL: Uruguay. Let's leave Chile aside for the moment. Argentina, Uruguay, Paraguay, we weren't doing much. We did more in Paraguay after elections, after Stroessner was gone. But even then it wasn't a lot. Paraguay had lots of problems, and Uruguay was at a level of sophistication and development, and Argentina at a level of sophistication and development where large aid programs were not appropriate.

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Q: And disaster, but at least in Argentina it was one disaster after another, wasn't it?

MICHEL: In what sense?

Q: Economically. MICHEL: *Well, yea. Oh, sure. You had the rampant inflation and the need to stabilize that, and then they got too locked into a dollar based economy, and then that wasn't really reflective of their real economy because their trading partners were in Europe, and their exchange rate went out of whack. That's a long, complicated story. Again, we did some things in Argentina with very small amounts of money and technical assistance in some areas, and exchanges, we could get a Supreme Court justice to go to Argentina and talk to the Supreme Court justices. Pay attention to that. I remember going to Argentina and meeting with the members of the Supreme Court and having the journalists in Argentina ask me afterward, "Why did you meet with those people? They're not very important." We would have people from the Securities and Exchange Commission exchange views with their counterparts. We had a little program called NAFTA-MERCOSUR compatibility under which we had people from NAFTA go and talk with people in MERCOSUR. Little stuff.*

Q: The two common markets developing in Latin America.

MICHEL: Yea. Well, NAFTA including the US and Canada. The AID program in these southern cone countries was managed by one U. S. citizen AID Foreign Service officer in a small office in the embassy. The one in Uruguay flew back and forth between Buenos Aires and Montevideo. I thought these were nice little contributions to U. S. interests. The ambassadors both in Uruguay and Argentina were delighted in the kind of things we could do for them in advancing U. S. interests in those countries. But they were relatively small. In Chile, I think the support for democratic development after the Pinochet era was very much appreciated. It was fairly significant. We provided more aid to Chile than to Argentina or Uruguay.

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Q: What were we doing?

MICHEL: We were working with some of the citizen groups; you could say the equivalent of the league of Women Voters, an organization called Participa that was educating people. We worked with at that time a Georgetown University affiliated program of street law that had college students teaching secondary school students about constitution and law and things like that, and these university students themselves had grown up in the Pinochet era, and to be able to teach the secondary school students, they had to learn themselves, so you got two for the price of one. We provided through a one person office—one U. S. person—support on urban planning issues, governance, and rule of law was one of the areas I keep coming back to. It was a personal enthusiasm of mine that I think was very helpful during the transition. There was no need to continue in Chile for very long. Chile was a country that had a lot going for it, but at the time of the transition, I think it was very helpful for us to be there. On the other hand, in Bolivia, progress was so slow that it appeared nothing seemed to work. The country had smart people doing creative things, and I don't know what to think about Bolivia.

Q: On that, I'm sure that more people are concerned with Bolivia than almost any other country in of these countries right on the forefront because its got a new president who's taking a rather radical stance. But be that as it may, what was seen as the problem with Bolivia from the AID point of view.

MICHEL: Well, Bolivia shares something with Guatemala which is a large, indigenous population and has lived outside the system. They speak other languages than Spanish, and they tend to be rural. They tend not to be benefiting from health and education services, but Bolivia is a vast country. You don't have roads. It's mountains, and it's hard to get around, and it's been wracked by instability. At one time—I don't know if it's true anymore, probably not—but at one time I think they had more governments than they had years of history. A lot of corruption. I've known some very able and well intentioned people who have been in government in Bolivia and have tried very hard. It's just a development

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challenge. We did debt forgiveness; we did democratic development; we did nontraditional production of agriculture; we had the alternative development for the cocoa farmers, and they were growing pineapples in the Chapare region and sending them to markets Buenos Aires and all kinds of stuff. . You don't see the results you would hope to see. Ecuador was something of a challenge because, on the other hand, they were better off. They had a little oil; they had resources. But they wanted to avoid some of the confrontation and social unrest that other countries had experienced, and they tended not to rock the boat. So they preserved elite domination and tolerated a certain degree of corruption and had limited economic progress. I think they celebrated the 40th and 50th anniversary of the USAID program in Ecuador a few years ago, and I don't know. Was that something to celebrate? These were frustrating ones. We could be supportive and helpful and offer technical assistance and advice and scholarships and a little bit of financial resources, but AID money as a percentage of a country's economy is a tiny percentage unless you go into the poorest countries of Africa or Asia where aid might be a significant part of GDP, but in Latin America it wasn't. So when they're not ready, all you can do is if you must have a program because it's our policy to do it or Congress wants it or whatever, then you try to do the best you can without really expecting to change the world.

Q: Peru had had a different government relationship.

MICHEL: The Andean countries—Columbia and Venezuela maybe are a special category—but Bolivia, Ecuador, Peru. Peru was another one where they were a little better off. They had a lot going for them, but they'd had some difficult governments. They had the Alan Garcia government... The old Alan Garcia. Now we have the new Alan Garcia elected. But he was going to defy the debt. It was nationalist. Talented people, again, in government and business community, and difficulty. I think they probably have made more economic progress in recent years with high copper prices and with the not bad economic policies in the Toledo government. In fact, Toledo had terrible numbers in the polls, but meanwhile the economy was growing five or six percent a year.

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Q: Sort of moving our way up. Did Brazil act as sort of the Colossus to the south, or did it have its own AID programs, or was it sort of self enclosed and didn't do much? Did they cooperate with them?

MICHEL: We had, by the way, a small, again, one-person office in the embassy in Brasilia whose principle focus was on AIDS which was quite a problem for Brazil. Again, there was some success in stimulating Brazilian attention to the issue. Once the Brazilian attention got concentrated and focused, the Brazilians did it, and they've done a pretty successful counter-AIDS program, and our little marginal support was more on the "thinking about it" stage than "doing it" stage," but useful. We didn't encounter much of the Brazilian foreign assistance. Later, when I was at the OECD, I came to know the head of the foreign assistance program of Brazil and learned a little bit more about what they were doing, and they do have such a program. They had their ways, and I don't think AID entered very much into their thinking or ours. We did a little bit, also, with the Caribbean Brazilian population in the northeast of the country, Salvador de Bahia.

Q: You mentioned these one-man offices. Did we have a program in AID of sort of, "This worked for us, and you might want to try this." In other words, did we act in an advisory or ask them to pass on things that seemed to work for them as far as stimulating...

MICHEL: It has to be a dialogue. Early on in this work in democratic development, I learned about an old program that had begun in the 1960's called the Law and Development Movement. The idea wasn't so bad, but the implementation was that bright-eyed young lawyers would go down to Latin America, and they'd go into 400 year old universities and tell them they'd been doing it wrong for 400 years and they really had to do this by the Harvard method! [laughter] That didn't go over well. So no, the idea was not to say, "Do it our way," and, indeed, we tried never to do that but rather, "What are your issues?" "What are our issues?" "Can we learn anything from exchange and dialogue?" It was always fun for me to see groups of legislators: U. S. Congress or State Legislators with legislators from a Latin American country. When they get together, they act and think

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the same! They find lots of things to talk about, and it's not a one-way, "Do it our way" experience.

Q: What about the United Nations and their various efforts? Did we dovetail with them? How did this work?

MICHEL: Well, the United Nations has ideas and no money. If you give them money, they will implement their ideas. There's a UN resident representative in most developing countries. I used to meet with and talk with the UN representative in Guatemala when I was there. If the UN representative had a significant program, I would sometimes meet with them when I was an AID. But they were not big donors in most countries. World Bank was the big donor, the Inter-American Development Bank, and I tended, I think, to deal more with the big donors and some of the major bilaterals, such as Japan.

Q: How did AID deal with the big bank, World Bank, and other donors, because these were often the movers and shakers, weren't they?

MICHEL: Well, sometimes we had policy arguments, for example about energy policy. If you're going to privatize the electric company, do you fix it up first to get a better price?

Q: This is Tape 5, Side 1 with Jim Michel.

MICHEL: You fix it up first to get a better price or you get it off the backs of taxpayers and take those resources, and instead of spending money fixing up the electric company, fix up your schools. These are policy issues where people in the Bank and in AID might have different views. But for the most part, it was a collaborative relationship. The people who headed the Latin America region in the Bank, the people at the Inter-American Development Bank were colleagues with whom we had a basically constructive dialogue. I would often meet with Enrique Iglesias who was president of the Inter-American Development Bank. I had a very good relationship with him. We tried to support some of his programs; he tried to support some of our programs; and the same with the World

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Bank. There were the country directors and the regional directions that we dealt with all the time at the World Bank. In the field it is sometimes easier and sometimes a challenge. Sometimes the World Bank will be a little bit aloof from others because they're bigger. But we worked at that and tried to get the people in Washington to work with their field offices to promote more coordination. The U. S. in Latin America tended to be the big donor during this period. We were more a leader than a follower, but we did try to some extent to do more coordination. This tended to be more with, as I say, the banks who were the folks who had more resources and influence, and some of the big bilateral donors. Japan is one in particular that comes to mind that had substantial programs in South America.

Q: Two countries you haven't mentioned in a way: Columbia and Venezuela. Were these in the AID orbit or not?

MICHEL: Yea. I left them aside. Venezuela was pretty much out of the AID orbit, being a major oil producer. We did some little stuff, and there came a time when we were asked to do some things on the democratic institution strengthening side at the behest of the State Department, and we did a little bit there, but it wasn't much and certainly wasn't sufficient. The World Bank had some bigger programs there in that field, but there were holes in the World Bank program. They worked, for example, on implementation of a criminal justice reform, but the World Bank was a little bit uncomfortable working with prosecutors. That was sort of getting into politics and law enforcement, and the World Bank didn't feel comfortable doing dealing with that, so they dealt only with the judges. A criminal justice system really is all these institutions interacting, so if you leave the prosecutors out of the process, it doesn't work. So we picked up a piece of that hole in the World Bank program. But it wasn't a lot in Venezuela. In Colombia we had small program, again, a one-person office at the time—a lot of it working on the democratic development side and the institutions. The program is totally different today with then Plan Colombia and hundreds of millions of dollars, some of the kinds of things that had been done with relocating people and alternative development, and so on. We didn't do much of that. We didn't do that in Colombia at the time. It was a very small one-person office. Security was

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an issue in Columbia, and among other things, there wasn't space for other than a very small office in the embassy, and there was no thought of having an office outside in an office building or something like because of the security situation. This was at a time after then had just blown up the courthouse and killed a lot of judges.

Q: Did AID move into the drug business—I'm talking about the anti-drug business—or was that on a separate docket?

MICHEL: No. AID had a pretty substantial role in Bolivia and Peru and later in Columbia. In Bolivia and Peru other people went in and burned the fields or the army went in pulling up the cocoa plants' roots and so on, and then you're left with these families, and they're destitute. Somebody figured out that that was not a place to leave it, so AID came up with something that was trying to look beyond the simplistic notion of crop substitution. They stopped growing a cash crop of coca and start growing beans to eat which wasn't going to get very far. But they developed a whole rationale about alternative development that looked beyond the crop to what life was like, and you weren't going to have the narcotics police sweeping down out of the skies and attacking you. You were going to have a cash crop, not just subsistence crop. You would have some processing industries which would provide off-farm employment. Big programs in Bolivia and Peru trying to come in behind the repressive measures with more economic alternatives, and those were substantial and challenging programs. Obviously, like anything else in this so-called war on drugs, only limited success.

Q: How did you find Jim Baker and his—I don't mean to be derogatory—but his coterie. He had a particular way of dealing with things in a small, tight group around him. A very talented people. I think he was a very successful Secretary of State.

MICHEL: Yea.

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Q: What was his interest both in Latin America and AID after this, and how did you feel about this?

MICHEL: He would engage on presidential initiatives like Enterprise for the Americans, the free trade idea which was first propounded by George H. W. Bush. President Bush had an interest in Latin America. I would say I probably had more face-to-face discussion of Latin American issues with George H. W. Bush than I did with Jim Baker just by happenstance of what they were doing and where they were going and what briefings they needed. But really the way I dealt with the State Department was with the regional bureau where I had a home for so many years in State, and I didn't really engage that much with the seventh floor of the State Department while I was Assistant AID Administrator.

Q: As a former ambassador you came to this job. How did you find your ambassadors in your area responding to the AID program? Were there vast differences in the attention they would pay? You had a certain amount—particularly in the Caribbean basin—a lot of political appointees, and the ones in that area tended to be the not so serious socialite or used cars salesman type or something. I may be mischaracterizing them and elsewhere, but how did you find them?

MICHEL: Well, certainly I tried to engage the ambassadors. I wanted the AID program to be something that had value on its merits. You want the AID to be part of the U. S. foreign policy, but you don't want it to be vulnerable to whims and caprices and short term idea. But looking for that balance, I didn't like the idea of an AID program that was off on its own. I wanted the AID program to be an integral part of advancing U. S. interests in our relation with the countries in the region, so I would talk to the ambassadors. I knew a number of the career people and certainly met a number of the non-career people when I traveled, or they would come by on their way to post sometimes, and we would talk. I didn't really find silliness, outrageous behavior or anything like that. Some of the political people,

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I'm thinking Jamaica where I visited a political ambassador who had been a successful businessman and was very serious about the AID program.

Q: This is the plus side of the political ambassador office, and they bring management experience. There are some who are almost socialite type things, but there are others who bring real substance to the job.

MICHEL: I can't think of any occasion where I had a problem where I thought an ambassador was being unserious or frivolous about some issue involving the AID program. Sometimes we'd have differences. I would always call the ambassador when we were going to assign a new AID director, be sure that we wouldn't have a problem, and sometimes somebody would say, "Well, gee. I heard so-and-so's pretty good, and can't we get him?"

MICHEL: "Well, no, you can't because we need him somewhere else, but you're getting somebody very good," and try to make these relationships work and try to make sure the mission directors recognized that they were part of country team and they're part of the U. S. government and not some independent do-good agency. You know: Work on those relationships.

Q: I can't think of why, but I'll ask the question since you're dealing with Latin America republics area. Did you ever run across the problem with the buzz saw of Cuba?

MICHEL: No. Somebody suggested that we should have a contingency plan for when Cuba becomes democratic and Castro leaves. And I thought about things we could spend time doing, and I thought the likelihood that any contingency plan that we do now would be of any value at such day as Castro leaves. I've seen contingency plans that have been done, and a lot of effort goes into them. We did a minimal effort, and I didn't want to put time and effort into something that I thought would probably be useless later on.

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Q: Also, I think if you do that, it's like having a contingency plan for what happens if Quebec leaves Canada. This could become a political hot potato. They'll say, "Well, the American government is planning to do this," and all of a sudden your people—the Cubans in Miami—will say, "No! I don't like the way you're..."

MICHEL: The Joint Chiefs of Staff are always being asked, "Do you have plan for X or a plan for Y knowing the headline will be, "Joint Chiefs plan to invade..." whatever. Portugal. [laughter] They have plans for everything, but it doesn't mean they're really thinking seriously about doing that.

But no, we didn't take too seriously contingency planning for Cuba because it seemed like nothing imminent, and I didn't want to put a lot of effort into that. One other thing I might say about this is there really was a sense of solidarity, camaraderie, common purpose, working together, trying to avoid bureaucratic warfare within the bureau. Within the agency, another thing, but we within the Latin America bureau tried to be together with a sense of what we were about with these strategic objectives. And we had some things that we did just from a management standpoint that I took a lot of satisfaction in. We had little seminars for the clerical staff who knew they worked in AID, but they didn't really know why. Why were we doing the things we did? At the seminars, experts would come in an talk about the different things that AID was doing: technical offices, sectoral offices, the health people, the education people, the economists, and get the clerical staff thinking, to know that they were part of this and why they were doing the things they were doing. Really, when you talked with them, they didn't know.

Q: This is often a problem. People maybe keep the accounts but have no idea what the accounts mean, and there could be problems because they don't understand. Well, we better give a little here or do a little there.

MICHEL: Yea. So trying to make it inclusive was important. Yesterday, at the FSI job fair, one of the people who came by who's retiring had been an AID economist who had

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transferred into the Latin America bureau. I had a practice of writing a letter to every new person who came into the bureau, something I'd learned in the State Department, but it wasn't practiced in AID. This individual commented on it yesterday that, "Hey, that made me feel good that I was being welcomed into this bureau." That's easy! But just management techniques to try to build communication, common purpose, sense of mission, a sense of accomplishment. I enjoyed that job enormously. I had two good deputies: first Fred Schieck, who later left to go to the Inter American Development Bank and then came back as Deputy Administrator and just now has gone off to the war college, and Aaron Williams, who had come up from the regional mission in Barbados and was a private sector expert and a tremendous manager. Later he went on to be the executive secretary of the agency. I tried to operate with one deputy, not have two, three, four deputies, and we demanded more of the office directors and pushed things out to the field, demanding more of the mission directors. We did not ordinarily approve individual projects back in Washington but approved programs in Washington, and only with rare exception required a project that was very complicated and large amounts of money to come up to the work through the system in Washington. Delegate authority and then monitor it and oversee it and make judgments about it. It was one of the more satisfying management experiences that I ever had.

Q: Looking at this from a manager's point of view, did you think AID had a pretty good personnel system? I'm thinking about development of personnel and using them. The State Department often will have people who are obviously going to do well come in as staff assistants. This is part of learning the big picture.

MICHEL: Sure.

Q: Did AID have that development or not?

MICHEL: AID was very much into the human resource development, and that's one of the sad things that happened later on in the 1990's with the budget crunch that came.

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They had a program of international development interns. State had junior officers. AID had international development interns, IDI's. They went out to the field, and they worked alongside of an experienced AID officer who was mentoring them, and they were learning. They had training programs. They had a career management course that every officer took. They all had it, and it was something that was very practical and talked about how to deal with people and how to deal with issues and how to deal with budgets. It was really very good, and when the budget crunch came, the training fell off, they stopped hiring. They didn't have any more, very few IDI's. Well, for some years we had no incoming class of IDI's, and a lot of that system of human resource development has suffered.

Q: You were doing this—I may be a little off—at the time when the State Department was all of a sudden recognizing, or the government was recognizing, that the Non-Governmental Organizations or NGO's were really part of the process as opposed to outside meddlers who were kind of off doing it. Were you feeling that?

MICHEL: Oh, sure! We talked a lot about the push and the pull and helping the finance ministry to be more efficient. Without a pull from the business community for different financial policies, pushing the ministry is not sufficient. You need to have both dimensions. I think I referred to these strategic objectives that we set up. We dealt with it as a part of democratic governance, and the objective was in terms of supporting the evolution of stable and participatory democratic societies which included both more efficient government institutions and support from non-governmental bodies for democratic values including the media and community organizations and business associations and so on. You had a flowering of Non-Governmental Organizations in Latin America. In the 1980's, NGO's often tended to be identified with a political cause, one or another. In the 1990's, there was just a burst of pent up demand for NGO's; there were tens of thousands of them.

Q: I wouldn't have thought that the Latin American environment would have sponsored this. You think of the Latin American environment as, at least the old one, where

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everything was family oriented and not much in the way of concern about the greater need of the country.

MICHEL: I think these were the elite and middle class entities for the most, but you had environmental NGO's, you had women NGO's, you had human rights NGO's A lot of organizations on those timely themes. Indeed, one of the debates we had. Debate is too strong of a word, but an inquiry we had, a hearing of the Foreign Relations Committee in the Senate about where is all this going about support for democratic governance. Part of the presentation I made at that hearing was, "Well, here are some posters that are the work of some of the environmental organizations. That's fine. Now here are some posters from the anti-corruption organization badgering the government to clean up the public management. Should we support the reform to clean up the environment but not that reform? Does this one have more to do with governance than that one?" The work with the NGO's became stronger with more of a pronounced policy with the Clinton administration. White House policy was to have more of the resources going to NGO's and more U. S. programs involve NGO's.

Q: When we talk about NGO's, there are two types: There are NGO's in indigenous countries, and then there are our NGO's. How about our NGO's who were going out? I was in Kyrgyzstan in the early '90's when the places were swarmed with NGO's—American NGO's—who had all sorts of things. It seemed to be very uncoordinated and all that. How did you find from the American side of the NGO exporters?

MICHEL: I guess what really for the most part came after, came more into the middle 1990's, that we saw the real explosion of the U.S. NGO's overseas We always had those NGO's that dealt with emergency: Mercy Corps and people that...

Q: Case that was a real good...

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MICHEL: ...and Catholic Relief Services and some were just part of the scenery that was always there. But we didn't see this proliferation of NGO's in the early '90's that I think....

Q: What about the two organizations that were set up to promote democracy, one on the Republican side, one on the Democratic side.

MICHEL: There's the National Endowment for Democracy which is an umbrella organization, and under that you have four institutes: labor, business, Republican, Democrat. We engaged somewhat with them on electoral programs. They did get some AID money for support, usually election observance and going down months in advance and providing training to the parties. One of the discussions I remember having was, "Now you may lean toward the Democrats' friends or the Republican' friends, but we won't. If you go down there, you have to be willing to work with any democratic party. I learned that they're supposed to operate that way because they're supposed to be 501(c)(3) organizations and not be partisan in their operations and that they were jeopardizing their tax status if they said, "No, we're only going to work with those who think like Republicans," or, "Were only going to work with those who think like Democrats." So I was more comfortable with them, but you'd have to make sure that this was observed and practiced in the spirit as well as the letter of the law.

Q: Did you ever run across any NGO's that got off the reservation or not?MICHEL: Not that was a major problem. We had disagreements sometimes. There were NGO's who thought that all development work is grass roots and that working on policy reform is wrong and that that's misdirecting resources that you could use instead to give to poor people. I remember having, again, a debate with an NGO before House hearing at the time of the cholera epidemic in Peru, and the point that I tried to get across to the committee was that we had over the years supported the public health service in Peru on issues of childhood diarrhea and remedies like oral rehydration therapy, and the public health service in Peru assimilated that knowledge and techniques. When the cholera epidemic came along, they responded, and you had a very low fatality rate. Now which is better, to

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work with the policies and the institutional capacity or to count on NGO's coming in at the time of the crisis and trying to, one at a time, teach mothers to give their kids a salt sugar solution in which they may not have confidence? So we had those kinds of debates, more philosophical than anything. In the field operationally, problems... I guess so.

Q: You left this particular job when? This might be a transition.

MICHEL: OK. After the election in 1992...

Q: Our election.

MICHEL: Our election. The Republicans were getting ready to leave, and the Democrats were not quite ready to arrive, and I was asked to come up to the front office first as Acting Deputy and then as Acting Administrator through the transition. So I was there to welcome the Clinton administration. Brian Atwood came in as the administrator, I think in May 1993, and then I stayed on as his deputy in an acting capacity all the while serving my under my presidential appointment as Assistant Administrator from the previous administration. I had tendered my resignation to both presidents as a part of the transition dance so that I was beholden to everybody. Then I stayed on as Acting Deputy until Brian got his team in place in the fall of 1993. At that point he recommended me to his counterparts in the donor community to chair the Development Assistance Committee of the OECD which was my next real job.

Q: All right. We'll pick this up in the next time. We want to talk about the arrival of or the disappearance of the George H. W. Bush administration AID-wise and the appearance of the Clinton administration and their early growing pains that every new administration had. We want to cover that, and then we'll move on to the OECD.

MICHEL: Very good.

Q: Great.

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Q: OK. Today is the 31st of August 2006. Jim, we're now talking about the arrival of the Clinton administration which would be in 1993.

MICHEL: I wanted to wrap up if I might two things from the end of my work in AID in Latin America. One is that I mentioned before that my enthusiasm for strategic goals and work plans, and I brought in a copy that I saved of the work plan from the beginning of fiscal year 1993. This was at least something that we set up in the fall of 1992. I just want to read a couple of items to give a texture of the complexity. Program objectives that I mentioned before - the big headings - were Broadly Based Sustainable Growth and Stable and Participatory Democratic Societies. But within that, just a few items we were looking at under Economic Policy area. Measure the degree to which current economic policies restrict prices for key agricultural commodities in Guatemala, Nicaragua, and Panama for use in program mission design by December. Organize a conference with leading experts on diminishing systemic inflation in Latin America to develop recommendations to missions in February. Agricultural policies. Using lessons learned in case studies in Ecuador, Peru, and Honduras, assess the effectiveness in financial sustainability of agricultural policy analysis units in order to provide recommendations for improving donor programs by March. In the democratic governance area, just a couple of examples: Strengthen civilian government institutions, electoral process: adequate and timely support for free and fair elections in the following countries: Guyana, October; Panama, November; Peru, November; Paraguay, May; Bolivia, June; administration of justice: assure preliminary studies, design work needed to launch new or revised programs to support administration of justice: Peru, November; Ecuador, May; Nicaragua, June, etc. Management, we had a heading in which we would have, develop and present a three-day orientation program for minority interns and select four minority interns for AID missions.

Q; When you say minority interns, you're talking about our interns?

MICHEL: Yes. Identify six opportunities for Foreign Service National employees to work on a temporary detail in Washington. Disseminate this work plan to all the missions. This

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was the level of detail, and this is a rather large, bulky document in which everybody participated. Those responsible for carrying out those activities were identified at least by office symbol and the date by which their work was to be done. It really made for a sense of common purpose and a great transparency that everybody knew what we were doing and how we were spending the money, and what were the priorities from a policy standpoint, how this fit in with broader presidential initiatives. We had Enterprise for the Americas at that time in the Bush administration, and Partnership for Democracy and Development in Central America, and how did AID work fit into that broader set of U. S. government set of objectives. So I just wanted to touch on that.

The other thing I wanted to touch on was probably the worst experience I had in government trying to implement this kind of a program. We ran afoul of somebody who was an activist in opposing the export of jobs who got to 60 Minutes and said, "You know, the AID people are paying institutions, governments, and NGO's in Central America to recruit employers to open up production facilities in their countries, and when they do that, Americans lose their jobs." He wrote an attack called Paying to Lose Our Jobs. Your taxpayer dollars. You, the unemployed worker in the T-shirt factory were paying out of your income tax, when you had a job, for AID to give money to the investment promotion agency in Guatemala to recruit Americans to build their T-shirt production facility in Guatemala and put these Americans out of work. I must say I did not appreciate how far politics and economics could be apart until I had that experience. I was convinced of two things. One was the increased trade was a two-way thing and that the economics of sewing t-shirts worked out that you couldn't do that efficiently in this country, and those jobs were leaving whether AID was there or not. So the question was where did those jobs go? Did they go to Asia, or did they go somewhere else? And if they went to Central America, the Central American production would involve construction using John Deere tractors and not Komatsu tractors and would involve IBM computers in the payroll department rather than Toshiba and so forth, and that what used to be a flat plain where they grew sugarcane and was very hot had to be air conditioned, so that would be a U. S.

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produced air conditioner that went into that facility, and these things worked out really to the advantage of the United States. But you can't do that on an individual basis. You can take a picture of the person who loses their job. You don't take a picture of the job that was created. And so 60 Minutes came, and they did a...

Q: You might explain what 60 Minutes was.

MICHEL: 60 Minutes was and still is a kind of a magazine format Sunday evening news/entertainment program that specialized in exposés. They try to find bad things and expose them. Well, the fact that all of this was encouraged by something called the Caribbean Basin Initiative which was authorized by a law passed by Congress and endorsed by several administrations, was all irrelevant, and it became actually a small issue in the 1992 elections campaign. Vice President candidate Al Gore debated Lynn Martin who was Secretary of Labor, and the one thing they could agree on was that the Caribbean Basin Initiative was a bad idea! [laughter] And they certainly hadn't voted for it though the record wouldn't necessarily support that. But that was about as dark a moment as I had in my career.

Q: How did this translate to what you personally and to the bureau? How does this...

MICHEL: Well, it translated to me personally because I felt that I had a duty when they were attacking people in the missions that reported to me that they were going to interview somebody in Washington. I didn't want to duck and have them go speak with the administrator who was less informed, and I felt that as far as my own review of this, I didn't think we had done bad things that we were being accused of. I especially was upset by the accusation that we had an anti-labor bias. We had a very definite policy and, indeed, activities in our work program to support labor in Latin America. The argument is Americans lose these jobs and the people who get them are mistreated. So everybody loses; there are no winners. The counterpart argument, of course, is that sewing T-shirts is a big step up for a person who was cutting sugarcane, and making air conditioners and

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computers which people can be trained to do instead of sewing T-shirts provides higher wages for workers in this country. But the economics, as I say, never catch up with politics. So, I was interviewed in this. I volunteered.

Q: By whom?

MICHEL: Ed Bradley.

Q: This was on 60 Minutes.

MICHEL: Yea. There's nothing if you were to look at the program, there's nothing in that interview that says Michel did anything bad or that AID did anything bad, but much of the good in this long interview got cut out, and you just got little snippets here and there along with the other stuff that they put together in little segments to create an impression more than to tell a fact-based story. The impression that they wanted to create was that AID is using taxpayer dollars to cause Americans to lose their jobs. These jobs would still be in the United States were it not for AID. Interestingly, the apparel industry certainly was losing sewing jobs in the US but was creating textile manufacturing jobs, in part because the Caribbean Basin was providing advantages to those who used American formed and cut cloth to do this sewing in the Caribbean Basin countries. This was brushed aside. When the Clinton administration came in I believe I was not selected for a senior job requiring Senate confirmation because of that bad publicity from 60 Minutes. However, as things turned out, my next assignment was one of the most enjoyable in my government experience.

Q: Did upper level people in USAID want to distance themselves from the controversial activities?

MICHEL: I felt I had to volunteer for the interview because I sensed there was some willingness in some quarters to let the junior people who were being accused of callousness, let's say, hang out to dry and say we're shocked to learn this was going on,

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and we're getting rid of those people. I didn't think this was fair. In fact, some of investment promotion activities were already slated to be phased out on a different ground which is that they weren't very effective and no longer a good use of AID money. But for the time being, it was the policy, and the junior people who were being sized up to be sacrificial lambs were not at fault, and so I kind of got stubborn about not letting them take the fall.

Q; While you were looking at the overall program, did you ever get the feeling that sometimes ideology, American ideology, open markets, democracy and all really didn't apply in certain places, or not? There are times when we're talking about free elections in Saudi Arabia today when we know that if there were free elections in Saudi Arabia would probably have a raving group of anti-American fundamentalists.

MICHEL: Yea, but you don't just plop down and transplant the elections in Saudi Arabia and say, "Now they are a democracy." Rather, to me, it is a process. I think support for democracy is a good thing. It's gotten a bad name, but I think support for democracy is a good thing. They say, "Well, people have their cultures." Well, nobody's culture is to be oppressed. Nobody volunteers when you ask them if they would like to have less discretion. Would you like to be told what to do, have no freedom and no ability to earn any better living by your wits because your income is pre-determined by some central authority? Nobody volunteers for that. So I don't think this is western values being imposed. On the other hand, I think the idea that you suddenly wave your wand and have an election in Saudi Arabia and see what happens is hardly the way to go about it. It seems to me that the diplomacy supported by AID programs and information exchanges, trade and other tools, get at the combination of factors that affect how societies look at the rest of the world and maybe look at themselves to some extent. But we always looked at the expectations and demands of the people, the capacities of the institutions, and the resolve on a sustainable basis of political leaders because we can get a political leader who wants to reform, and they're gone next week, and then if you've invested in that leader's reform, you may have lost your investment. But you look for the combination of how the expectations and demands and capacities of political leaders, institutions, and

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civil society interact and react toward prospects of change. And you look at that through the lens of socio-economic advancement. You look at it through the lens of political advancement. And you look at it through the lens of cultural values. That to me is how you go about making judgments as to what are the appropriate actions and the appropriate goals in a particular society at a particular time, and looking at that with something of a mid-term lens, at least. I don't think we can forecast very well, but I think that we can look at this with a view to thinking about the mid-term while acting in the present and having policies which are pro-democracy, pro-human rights, that are pro-poor economic growth in their orientation, participatory development, and that's a perfectly respectable thing for us to do. I distinguish that from, "We're going to twist your arm until you have an election next week," without some of the circumstances surrounding that process given any change of producing anything that anybody wants.

Q: In this position in Washington, did you ever find there were significant differences between the outlook of Washington. You're looking over your shoulder at Congress.

MICHEL: Yea.

Q: You had some, it's the wrong term, but sort of desk-bound Washington oriented people here, and then you have the people who are in Peru or somewhere else, and it's a different view.

MICHEL: There's always that challenge. That's government. You have field and you have headquarters, and you have to try to work hard at maintaining communication. For me, before moving into the front office of AID, working in the Latin American Bureau where distances aren't that great, was easier than for some. The people who dealt with Southeast Asia had a harder time maintaining that sense of common purpose and outlook, but you have to be making efforts to have your Washington people informed of the field perspective but have your field people reminded of whom they work for and reminded

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that they are not advocates for the country in which they are assigned, which sometimes happens, too. You've seen that in all agencies.

Q: Did you ever... I was just looking at the paper today and in Bolivia they're having... What's his name...

MICHEL: Evo Morales

Q: Evo Morales has been elected who's the first person to come out of the indigenous group and obviously has touched a nerve within Bolivia of the indigenous....

MICHEL: Sure.

Q: ...people. Now, was this—and maybe elsewhere, too, but—sort of this indigenous versus the establishment Spanish speaking types? Were we concerned in our AID program that maybe we weren't getting to the indigenous side of the...

MICHEL: Well, there was certainly a conscious effort in the countries that had substantial indigenous populations where we had significant programs. Bolivia, Peru, and Guatemala are the three that are most in that category. Peru had an indigenous president until the last election. Alejandro Toledo came in, picked up the pieces after Fujimori tried to change the constitution so he could run for a third term and was roundly criticized by the OAS. He left as a fugitive, and it was quite a messy situation. Toledo came in as, I think, the first indigenous president of Peru, and policies were not bad, and the country experienced quite a burst of economic growth, partly due to favorable copper prices, but he was immensely unpopular. If we think that the President of the United States has low ratings, Toledo was always flirting with single digits towards the end of his administration. Very unpopular at the end. In Bolivia we had rather substantial programs of inclusion. One was the alternative development effort in the coca growing areas, and you had at an earlier stage rural roads and the things that would connect indigenous people to the rest of the countries. Those living in isolated valleys tended to speak only the local language and

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were really not able to participate in the broader society because they couldn't get there, and if they got there, they couldn't communicate.

Q: Should we move on to the Clinton time?

MICHEL: OK. Yes. Please.

Q: OK. When Reagan came in...

MICHEL: One afterthought: Bilingual education in Guatemala was a big thing, and we did the bilingual courts.[crosstalk]

Q: ...and I believe Morales is trying to do that now in Bolivia.

MICHEL: But those were parts of the...

Q: We were sponsors of bilingual education.

MICHEL: Also, I went to the inauguration of the first bilingual court where everybody in the court house spoke the Mayan language, and the people could come in and communicate, and they would know what was going on the courtroom.

Q: Going to the Clinton administration, many of us recall that when Reagan came in in '80, particularly in the then NRA but in the Western Hemisphere Bureau took a tremendous beating because of ideologues coming in and all. How was the transfer of power doing when Clinton came in. Was there any particular problem?

MICHEL: There is always in any change of administration that also involves the change of political party, and some of them don't.

Q: There's a Bush I and Reagan.

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MICHEL: Yea. There's an initial distrust! You know, the people on the transition team are people that the career people worked with in the previous administration of the now again winning party. Seems to me Bernie Aronson stayed on for awhile, that it wasn't an immediate turnover?

Q: I think so.

MICHEL: It was a little softer, perhaps, in that regard. Nevertheless, when there were big policy issues during the period I was Acting Administrator there was initially a little uncertainty in the White House staff, at least, about how AID would carry out new initiatives. An example was the change in the population policy. The Reagan administration had said, "No, we're not going to support groups that support or advocate abortion even though they don't use government funds to do so. If they think these thoughts, have these policies, we will not provide assistance." And the Clinton administration came in, and that was one of the maybe second week they were there issued a new order reversing the Reagan policy. The AID population office had not been entirely pleased with the idea of not being able to support groups that they thought were effective doing good things and honestly accounting for the money and leveraging the funds we provided with donations from other sources and were good partners. The idea that you couldn't work with those people was a frustration. Yet, it seemed to me from my initial conversations with the Clinton White House staff that they weren't sure that AID would follow through on this change of policy because these people had been working for Republicans for 12 years. Finally, I said to the guy on the phone, "You know, the people in charge of this in AID are not going to be shy or dragging their feet on implementing the President's policy. They're going to carry through with it. They're going to salute this and go forward." But you're going to get a little bit of that. That happens with every administration. I just remember that one incident where it seemed counter intuitive that they would be worried about that issue.

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Q: As the Acting Administrator, this is a major facet of American Foreign policy. What was your impression of the team that came in? It was Warren Christopher as Secretary of State.

MICHEL: Well, I knew Warren Christopher from when he had been Deputy Secretary, and I worked very closely with him because at that time I was in the Legal Adviser's office, and he was one of the best lawyers I ever met, so I had a great admiration for Warren Christopher and thought very highly of him. It was a mixed bag as any administration. You had some who were more political than others. Some were more looking for the public relations kind of impact, and some were looking more at the serious issues. There was within that whole area a core of people who cared very much about the issues. And when Brian Atwood came in May to be the administrator of AID, he was one who was a very serious policy person. He had been confirmed as Under Secretary of State for Management, and the issue of who would be the AID administrator had been narrowed down to a few candidates. As often happens, the opposing forces cancelled each other out, and there was no candidate, and that opportunity opened for him, and he immediately said, "Gee, can I undo my appointment as Under Secretary of State for Management and be the AID Administrator, because I really believe in this." Well, I know the AID Administrator has a higher rank than the Under Secretary of State for Management. I'm not sure it has more influence in the world. But it was something he wanted to do, and I thought that was admirable because he was not a person who would work in the campaign looking for a job. This was a person who was a serious public servant who had served in Congress, served in the Foreign Service, and served in the State Department in the Carter administration, who wanted to do something worthwhile out of a sense of public service. There were enough of those folks around, I thought, that made it an interesting group. I had the privilege of sitting in the senior staff meetings and being consulted by NSC groups and so forth, so I had a pretty good look, I think, at the Clinton Administration in the early days.

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Q: Something you mentioned about looking at Christopher and knowing he was a very good lawyer. You're a lawyer. Did you ever find that being a lawyer inhibited you, or gave you in the Foreign Service? I speak as a former consular officer, and the whole idea of consular officers was to keep the lawyers as far away from dealing because we deal with essentially human problems, and the State Department lawyers don't have that person crying in front of you. We're social workers essentially. I was wondering whether this...either as ambassador or...

MICHEL: Well, I'm reminded of George Ball who said at the Foreign Service Association Fourth of July celebration that I attended in 1966, and I'll always remember it because I was a young State Department lawyer, and he quoted someone—I think he said it was Harold Nicolson—to the effect that, “Lawyers do not make good diplomatists, and the reason is that they are not used to making the big decision. They make the decision about how to move forward the decision of their client. 'I want to not go to jail.' 'I want to acquire a company.' 'I want to...'” The lawyer then does the second level and the tactical guidance that helps the client achieve that objective. When the lawyer becomes the ambassador or the Secretary of State, then that lawyer's a little bit out of his element or her element. At least that was George Ball's joke because he himself had that track himself! I think these are generalizations that can be overdrawn, and it really depends very much on the individual. Dean Acheson comes to mind as the lawyer who had no trouble deciding what he thought.

Q: Did you ever find yourself saying, “How are we going to do this?” rather than, “What does the law say?”

MICHEL: The trick there is always, I think, to say, “How do we get this done within the law?” It's very easy, I learned early in my legal career, to say, “No.” And then what? That hasn't helped. You've told somebody they can't do something. Well, if you think a little harder, you can say, “But you could do this, instead, that might get you close to the result you want to achieve, but not quite, but you can do it within the law, and you have to follow

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these steps to get from here to there and stay out of trouble.” You either make that extra effort, or you don't. I don't think it's a general rule that lawyers can't think...

Q: I think that many of us had experience within the government of lawyers particularly often at the lower levels to say, “Oh, you can't do that.” That's...

MICHEL: Thank you for your question!

Q: Thank you for your question, and nobody's going to get hurt from the legal point of view if you don't do something. But nothing gets accomplished. There's an attitude which I think I suppose at a certain level, you move above that and let's get on with the job.

MICHEL: Yea. I think so.

Q: Back to the Clinton people. Did you run across... I'm told in AID there are two philosophies to get going. One is the general one. You build infrastructure that more things can get done over a long period. Then there's also the short-term AID cache. You've got a famine in Ethiopia or we do this, and all of a sudden it's easy, particularly for the people in Washington to say, “Let's put a band-aid...” That's the wrong term, but I mean, “Let's do a quick fix here,” which dissipates your overall effectiveness.

MICHEL: Yea. The two sets of issues still that permeate the development agenda are governance and socio-economic development, inclusive growth, participatory growth, and participatory governance. Those are the two big issues about how societies evolve and become responsible members of the community of nations and see the virtue of collaboration with us and advancing global issues and don't think that it would be better to try to blow us up. It's much easier to get resources for childhood illnesses, for micro-credit, for hands-on kinds of project level assistance, what I used to call, “patches of green” that don't stay green after the money stops irrigating them. And it is hard to get money that it can be used with discretion, to reflect the priorities' needs, and judgment of what to do in the particular circumstances of a particular country at a particular time with respect to its

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economic and social development and its governance. So yea, that's always a battle. It sometimes you have goals in country X bringing the poor into the economy in a general sense, and that means a certain kind of agricultural development that replaces low-value crops with high value crops, and all you can get for that country is environment money. Well, how do you work with that? It's hard. And there is an art form within AID that tries to take all these earmarks and accounts and juggle them in such a way that you do the best you can with what you have.

Q: You mentioned earmarks which was very much in the Washington vocabulary, but these are Congress specified what certain amounts of money can...

MICHEL: Yea. Of the amount spent, they had available for childhood diseases not less than some stated amount will be used for research into malaria, and maybe even research into malaria at the Malaria Institute of some university. But that's less likely to be explicit.

Q: Was there during the time you were in Washington were earmarks of a problem or not?

MICHEL: Well, sure. They've always been a problem, but it's been a growing problem. I think it is probably a more severe problem now. We did have the advantage. Again, I dealt more with Latin America in the intense level than in any other region in my time in AID, and there we had a significant share, about half, I guess, of program funds in the form of Economic Support Fund money which does not have all of those categories in it. And so that was a great help because it provided you with a bulk of resources that could be spent more flexibly combined and blended that with the different development assistance accounts that were broken down into categories and then sometimes earmarked within those categories. So it was less of a problem, I think, in Latin America than it was in some other places. Today with the Millennium Challenge Account, you have substantial resources for countries that have demonstrated some willingness and capacity to move forward on their own, who score well on the indicators that the Millennium Challenge Corporation has devised for ruling justly, investing in people and encouraging economic

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freedom. Those funds can be spent quite flexibly, and those are usually substantial country programs: hundreds of millions of dollars. So in some cases for those few countries who benefit from that, you have a lot of flexibility. For some other countries who don't qualify for that, you have to try to work your way through the labyrinth of special accounts and earmarks. My sense is that it has become more difficult.

Q: During the time you were an administrator which gave you the broadest look at our AID program, what was happening? What was your impression of what was happening in the former Soviet Union?

MICHEL: Ah. Well, we had quite a program there, and I did have occasion to work with the people on that program, and at that time Strobe Talbot was not the Deputy Secretary. He was the... Was he ambassador at large? I don't remember what title he had, but he was sort of in charge of that part of the world. On behalf of the Secretary of State, ranking above the Assistant Secretary. That was a time, I guess, where we still had a lot of hope for how this would all work out, and we were putting money into economic policy issues and democratic institutions. There was a pretty much like a positive feeling about the transition in the countries in the former Soviet Union, the "newly independent states" as they were called, and Eastern Europe generally, of course. Later on you got into the Balkans, Bosnia, and then later Kosovo, and that was...

Q: It was something, of course, alongside of it at the time was you had significant programs in Poland, Czechoslovakia, Hungary and Romania. In Bulgaria things were happening.

MICHEL: Later on when I was at the OECD, of course, there was the Polish ambassador to the OECD, the Hungarian ambassador to the OECD, and that was very interesting.

Q: Why don't we... Any significant...

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MICHEL: Just one other thought, and that is that during this period when I was in the AID front office in those few months before Brian Atwood came in and I then went to the deputy job, looking after more of the nuts and bolts kinds of things within the agency, that during that period just about up until he arrived, we still had the transition team sitting there at my elbow, so we had somebody from the Clinton White House whose job it was to be looking at AID and making recommendations.

Q: The economist spy.

MICHEL: Well, no. No. No. It was sometimes they'd say, "Well, why do you do that?" and, "What about this?" and they would second guess you. That's all.

Q: Transition teams. Haight, when he came in, apparently assembled a transition team which was under Ronald Reagan which was called piss and vinegar and ready to really take over. We're talking about the non-career people. He brought them in, and they all told it was quite a scene. "Thank you very much, and there's the door," more or less, and out they went. A few people were saying, "Will you stay?" But basically he flushed them out very quickly. But I take it... If you don't almost take that sort of step, it's hard to get rid of these people.

MICHEL: Well, some of them, of course, didn't want more permanent jobs.

Q: OK. Should we move on to the OS...

MICHEL: OECD. Organization for Economic Cooperation and Development.

Q: I always confuse it with the other one.

MICHEL: The other one is European. This one is not.

Q: We're talking about your... When you went OECD, how long were you there?

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MICHEL: I was there for five years. I guess I arrived in February. I was elected in January of 1994 and stayed there until, I guess it must have been February 1999.

Q: Would you explain what it was doing at the time? What was its role? What was your function?

MICHEL: Well, the OECD has many committees only a couple of which have a full-time chair resident at the OECD. By tradition since 1961, the Development Assistance Committee has a full-time chair, and it had been traditionally held by someone from the United States because the United States had been the largest donor. By the time I got there, the country members had pretty much decided they didn't want the United States to have a monopoly on the job. They wanted it to rotate like other committee chairs did, and the United States was declining in its position as the leading donor in the world and had less claim to it. So it wasn't sure. The Clinton Administration, and especially Brian Atwood, weren't sure that the United States would hold that position, and they wanted to be sure that they had somebody with reasonably good credentials; a diplomatic background as well as an AID background helped. The fact that I'd been an Ambassador and Acting Administrator of AID helped, and so they put me forward as the U. S. candidate. I was elected after the different delegations made speeches saying, "Well, all right this time; but this is the last one." So I went in knowing that I was likely to be the last U. S. chair for awhile of that committee that the U. S. had chaired for a long time. The Development Assistance Committee consisted of the AID agencies of the OECD member countries who wished to be—this was voluntary—who wished to be associated with the accounting standards and policy guidance of the group of bilateral donors and who wish to participate in the deliberations and investigations and policy analysis of that subject matter. So we had 22 of the 26 members, I think it was, of the OECD in the Development Assistance Committee. Iceland, for example, was not a member, but most were.

Q: What was the origin of the OECD and particularly of your committee?

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MICHEL: Well, the OECD was sort of a successor to the Marshall Plan. You had OECE. Office for Economic Cooperation in Europe that managed the Marshall plan and that acquired the Chateau de la Muette in Paris as a headquarters. (The chateau had been a Rothschild residence.) It then evolved into the OECD, which was not Europe-focused, and the Marshall Plan was over, but it was looking at largely economic policy coordination and also issues of development. There was a Development Assistance Group that had formed just before the OECD was created, and that then merged into the new OECD as one of the committees. Curiously, though, Japan had joined the donor group but had not yet joined the OECD. So we had one member of the Development Assistance Committee who was not a member of the OECD for a short time, then Japan came into the OECD and, indeed, later on in the time I was there displaced the United States as the world's leading donor. No longer the case, but at that time it was. The Development Assistance Committee did four things. It studied development and engaged with the World Bank and with the universities and the Development Center of the OECD. It was a research organization and tried to develop good practices. So there were DAC guidelines or DAC principles that donors were supposed to follow. You had the deliberations; you had the formulation of guidance; then you had the peer reviews in which the members of the DAC would look at each other's programs, and there was a system which about every three or four years you make the loop of all of the members, and each review involves a pretty standardized structure that is published, and everybody knows what they're in for, and you appoint two countries who will be the examiners working with professional staff who do all of the examinations and give it a certain consistency and professionalism. We would do six or seven of those a year. And then, finally, DAC is responsible for keeping the statistics. When I arrived, the principal focus of the DAC was internal, looking inward about donors and what the donors think and what the donors do and the donors talking to each other. Not much talking to those who are on the other half of the equation.

Q: The recipients.

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MICHEL: Yea. And there was a preoccupation with development assistance volume and less emphasis on results and effectiveness. And aid volume was in decline.

Q: In the small countries.

MICHEL: Generally, aid was in decline, harder to justify those appropriations, harder to convince parliaments that this was a good thing to do when there were other competing demands. And that was the environment in which I arrived.

Q: How did you find the meetings? Was it pretty collegial or were there notable different philosophies or competition or what?

MICHEL: Yea, it was collegial so long as everybody was respectful on the national interests of all the parties in the collegial consensus. The DAC, like other OECD bodies, operated on the basis of consensus. So the challenge is not to let that become lowest common denominator and, instead, push to raise the level at which you can get the consensus to be more meaningful rather than the easy consensus that doesn't offend anybody. And we did some things that were a little bit tricky but respected that balance. I'll give you one example, if I may. There was a DAC list of developing countries, and it had pretty much all the aid recipients that you could imagine on that list. And the list was losing its credibility because Singapore was on the list, Israel was on the list, Saudi Arabia was on the list, because donors have programs in all these countries. When I say aid was in decline, one of the reasons was we took Israel off the list, but we did it in a way that involved a lot of participation from the different countries. We set up a formula in which we decided that high-income countries would come off unless there was a consensus to keep them on, and countries that were upper middle income would require consensus to take them off. So if a particular donor had a program, say in Argentina, for which they wanted to retain credit in the DAC statistics they would not join a consensus to take off Argentina. In the case of Libya, though, another upper middle income country, but one where nobody had a program, you could get the consensus. So we pretty much got the

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high income countries off the list. We got some of the upper middle income countries off the list. The developing country list began to look more like developing countries. So that, I think, is rather typical of the way you had to work to achieve a result in the DAC in a way that achieved progress and respected the interests of the members.

Q: You were coming in a way at a good time in that the Soviet Union was ousted. Did you run across the proclivity of some of the big donor countries? I think of the Norse countries for a rather Socialist form of AID promotion and we were... I think of Africa where you had some of these things, and we were not promoting Socialist form of AID. Was this a problem?

MICHEL: No. It really wasn't. I don't think there was much sympathy any more for building state enterprises and those kinds of things. That era had passed. In the guidelines that we developed over the time I was there, we adopted guidelines on participatory development and governance which pretty much said democratic governance is good, participation by citizens is good, institutions such as legislatures, electoral commissions and courts and administrative regulatory agencies are all good things. We had guidance on private sector development which the Nordic countries certainly participated. Further on we got guidelines on conflict, peace, and development. We were able to achieve consensus on a pretty orthodox view of development and development cooperation. The tension was more about things like how much do you focus aid to the poorest countries, and how much do you focus on aid to the better performing countries or the countries of strategic interest, and there was always a certain push saying, "How can get more assistance to the poorest? But philosophical differences were not substantial.

Q: You're talking about the poor versus the middley poor. In some of the very poor countries the problem was that no matter how much money you gave them...

MICHEL: That's not what they need.

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Q: ...it didn't go anywhere. It went into the pockets of the rulers because as we looked, so much of the problems of the world deal with governance. Just lousy governance in certain countries. Could you write sort of a Somalia off? I'm thinking of other places, the African countries.

MICHEL: One of the things that we got into, and there were different issues that became prominent at different times during this five years, but toward the end one of the issues that we were just getting into was what the OECD called, "difficult partnerships," and the World Bank even more euphemistically calls, "low income countries under stress." There's a joint group between the OECD/DAC, and World Bank that is working on how best to deal with these difficult partners. One of the things you don't do is dump a lot of resources, but you try to find your targets of opportunity. Maybe you can't give the money to the government, but you're better off to find the bright, young Assistant Vice Minister of Agriculture and give him a scholarship and hope that better times will allow him to use that for good use rather than for him to seek to stay in the U. S. or England or wherever he chose. That's a work in progress, trying to figure out how you deal with the difficult countries because the dilemma is that these are the countries that are most aid dependent. These are countries where maybe 20% of their income comes from foreign aid. So you can't say, "We're going to cut it off," and watch people starve. On the other hand, you can't really expect that in those countries where you have bad governance that you're going to see long term development put into place and institutions built and education given priority and so forth. And so it's kind of dealing with that situation in the most appropriate way you can figure out.

Q: Could you say... "Well, I don't know, what's a good country to Central African Republic or something like that?" Could you kind of link AID to a particular country between the members? I would think you would have all these interest groups within each country...

MICHEL: Sure. Yea.

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Q: *...they have their own programs...*

MICHEL: Contacts.

Q: *...and all that. Could you control it all?*

MICHEL: Well, we didn't try to control operationally. The DAC was a policy coordination entity.

Q: *DAC stands for...*

MICHEL: Development Assistance Committee was a policy coordination body, not a operational coordination body. But we looked at operational coordination. I'll give you another example. I mentioned that we did the peer reviews of the donor community. So we would look at France, and we would say, "Well, how does France organize its aid establishment? How much money does it put into aid? What kinds of programs does it carry out? How does it manage those programs? What kind of training does it provide for its people? What are the results that it achieves? Does it evaluate? Does it look for results and if it does, what results come about?" We'd go through this process with the examiners and the secretariat would write a report, and then we'd have a meeting, and all the members would come, and the minister, or vice-minister would come, and we'd discuss it, and then we'd publish the final report. One of the things we started in my tenure there was publishing these reports. But that was what we did as a matter of routine. Then we did something innovative:. Instead of looking at what is France doing around the world as a donor, let's look through the other end of the telescope. Let's go to Mali and look through it from their lens, from their vantage point, at this entire donor community out there. That's a scary picture because for all of the talk about coordination what we heard from the Malians was that well, we know that the World Bank's doing this, somebody else is doing that, and the U. S. is doing this... That's not our program, it's their program. It wasn't very well coordinated in country. Some situations you find much better coordination

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in country. You just have the right mix of personalities or interests, and the donors come together, and they work with strong leaders in the host country who maybe take on the lead role in pulling the donors together and trying to say, “What we really need this year and this year and this year? and, “Who can do this and who can do that?” You might divide up the work by sectors; you might divide it up by regions; you might divide it up by some of both, but you might have Switzerland as strong in the north and France as strong in the south. Or you might have France is strong in agricultural, Switzerland is strong on public administration, and we we'll divide it up that way. But that's hard to achieve effective coordination in the field, even though everybody preaches it, everybody encourages it. I remember when we presented our Mali study to a group at a conference, somebody with a European aid agency—a field person—said, “Well, I've never been to Mali. I don't know Mali. But as I read about this perception of who owns the program and what is it accomplishing and who's coordinating, I felt, “I know this country because I've seen it in other places! What do the DAC members think of this study?” And the person from the Secretariat who was the report's principal author said, “Well, they loved it until they saw it. They thought it was a great idea until they read it; then they felt a little embarrassed about it.” And there is that. It is hard to make it happen. That mention of the Secretariat causes me to want to say very early in this part of the discussion that the DAC is represented—the DAC members are represented—by resident staff in Paris who are part of their mission to the OECD, but they come and go like diplomats in any mission come and go, and there's a permanent Secretariat that stays there, international, and, indeed, some competition among the members as to who gets what job. But some very good people working for not the highest compensation, but a nice working environment, intellectual challenge, and living in Paris which is nice. It's a nice environment in many ways, and you get some very good development people, committed professionals, economists, statisticians, and so forth, usually with some experience in their home country before they move into the international organization.

Q: You mentioned this report that you did on various countries.

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MICHEL: Well, we did the Mali report, but that's it.

Q: How did you work it? Were you sending people out, or were you basically assembling statistics?

MICHEL: Oh, no. The Mali report was unique. That was looking at it from the recipient's point of view. That took a year. We sent people out there several times from the DAC Secretariat. I went out once. We had the Malian planning minister and finance minister who were the ones with whom the donors dealt come to Paris and chair a meeting. I introduced them and sat aside and let them run the meeting. We engaged in a very long and in-depth dialogue with the Malian civil society and government and the number of trips there, number of people from Mali including donor missions as well as people from government who came to Paris. Then when it was all over, we had a big meeting in Paris and talked about it.

Q: How did you find you and your people who were sent out were received by AID operators in these countries?

MICHEL: Oh, it wasn't tense because when they were coming, and putting Mali aside, they most often traveled in connection with the peer reviews, and they were coming to look at a member country program, but the member country had submitted itself to this discipline when it joined DAC, and the examiners were coming to look at some field missions, then they're coming to headquarters, and the examined DAC member wants to see a good report that says that they're doing well, and so they tend to treat these people nicely. The incentives are to get them to like what you're doing.

Q: You weren't the son-of-a-bitches from out of town.

MICHEL: You weren't the inspectors coming to find fault even though you were to a degree. You were coming to see how's it going? How's it working? And you'd ask other people, "What do you think of what they do?" But no, they were pretty well received. We

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also did some travel that put us in touch with field offices when we would do a conference. We did a conference on governance in Cairo, for example, which was kind of fun because at first someone in the government didn't want to let the NGO's come to the conference, but they relented. We did a couple of regional studies, so we had a conference in Addis Ababa about the Horn of Africa. We had a conference in Phnom Penh about the Mekong countries where some DAC member had an interest in a region and provided a grant to the DAC to do those regional studies.

Q: You mentioned going to Cairo. In governance... I don't know what you call it, the Arab world, the Islamic world... If one is promoting democracy, it just ain't there. How did we deal with that?

MICHEL: I don't think it's a light switch. I don't think you turn it on and turn it off. I think it's a process in which you engage. You have a conference. You talk about it. You publish the results of the conference. People read about the results of the conference. They talk to other people, have another conference. Pretty soon you have a process. Transparency International was just getting started at the time and, indeed, we had OECD conferences on corruption and Peter Eigen, founder of Transparency, was one of the people who was an active participant in the work of the OECD on corruption. Pretty soon, you had a Transparency International affiliate in Egypt sitting in Cairo .

Q: You were there at an interesting time because the development such as the Internet and CNN. We're talking about Transparency. Communications were beginning to really... I mean, they were exploding...

MICHEL: Yes.

Q: ...essentially, where countries couldn't kind of sit, stood on information. Were you finding this a good tool?

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MICHEL: Absolutely. Well, first of all, we produced materials and, secondly, we got them into an OECD website. We went to the Internet, set up the DAC site and put a lot of the stuff that we had produced onto the Internet. A couple of thoughts about this: From a personal perspective, this was a very strange assignment because I was there chairing this committee because I was elected by the members of the committee who were nations. The U. S. has a representative on the committee. I was not the U. S. representative: I was the Chair of the committee. I did not represent the United States, but U. S. law in the Foreign Assistance Act provides that should there be a U. S. chair of that committee of that organization, then the president may appoint—or assign if you're already in the government—the individual to serve in that position with a Chief of Mission rank. And so the identity of the DAC chair is a little ambiguous. I had a paycheck from the U. S. government. I had a house that belonged to the U. S., a representational residence, and an office in the OECD building with an OECD staff person as my secretary who happened to be British, and a travel budget provided by the OECD. I made it a point to try to avoid any appearance of carrying water for the U. S. That was the job of the U. S. delegate. Brian Atwood who was the AID administrator throughout those five years that I was there never tried to get me to try to move the committee in one way or another to advance a particular policy interest of the U. S., and if I took on some issues around which a consensus was forming in the committee that might be a little bit uncomfortable for the U. S. like untying aid, I never got any pushback from Brian. So it was really a wonderful way to engage in the subject matter and try to do it as best you can and as analytically and with political sensitivity to be sure with respect for all of the members, but without being accountable to any one member. I didn't work for the Secretary General. I was elected by the members. So I had no boss! A really unusual position.

Q: You were a part of the OECD but a separate committee. Is that right?

MICHEL: Well, we were one of the many committees in the OECD.

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Q: How did the committees relate to each other?

MICHEL: Not a lot. That was one of the things that I tried to change. I would go to the trade committee, I would go to the environment committee, I would go to the public management committee which were all concerned with more internal OECD relationships but had a lot of knowledge that was relevant to development. Then there were units within the OECD that were beginning to work on relationships with Eastern Europe and the emerging economies. So we were trying to pursue some coherence in these things. Working on the corruption issues. The corruption issues were not something that started in the DAC although we wound up with a piece of the action, and I would participate in the OECD-wide corruption discussions in the conferences and so forth. So these committees were in a way like bureaus in the State Department, doing their thing and talking to each other now and again. The Secretariats spoke with each other. They all worked in the same place but again, the head of a Secretariat for financial affairs or public management or environment or energy or development, that's a pretty senior person. It's fiefdom, and you're the lord of that fief. There's a tendency to be competitive and at the same time to recognize that you have something in the way of mutual interests. Q: Were you having problems with treading on toes of other committees?

MICHEL: No, not really. Early on there was a certain insularity I found on the part of some of the delegations, but I think over time there was a greater openness. This idea of the partnership forum where we would sit down with developing country representatives is another example of this trend to greater openness. When I first got there, I remember suggesting that we talk to some developing country people, and one of the delegates from one of the member countries said, "Why would we do that? We're a donor group. Why would we talk to them?" It wasn't patronizing. It was just, "I don't understand." So looking out beyond the borders of the DAC became more of interest, and I tried deliberately, consciously. I would go to a meeting of the environment committee and told the people who came from the environment ministries of the OECD countries what we were doing

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in development with respect to water and invite them to come to our water meeting next month, and so forth. Try to get some cross information out.

Q: You mentioned recipients. This was always a problem of a group in Paris from on high saying, "We think you need..." You know, "You need shirts." And they said, "Oh, we want pants." Did you feel by this time that the whole donor/recipient had reached a maturity so that there was much more interplay?

MICHEL: Well, that was one of the things that was certainly taking place. We certainly didn't cause it, but I think we tried to encourage and support it, and we did have these partner forums where once a year we had a meeting of what was called the senior level of DAC which was either deputy heads of agencies or heads of the policy department in a big agency. So these are pretty senior people, but they're not at the ministerial level. We had ministers and agency heads once a year, but we had the senior level once a year as well. We would have a partnership forum immediately before or immediately after the senior level meeting so that when we got these senior level donor representatives in Paris, they would be sitting down with people from governments and from civil society in developing countries talking about some issue, not, "Hi, how are you?" but we would have an issue, subject matter and staff papers drawn up and circulated in advance and have a serious discussion of that issue.

Q: Trying not to upset anybody who might read this later on, could you give me a little idea of your evaluation of the AID program of some countries, how they delivered them?

MICHEL: Well, different countries have different philosophies about it, and the DAC tried to encourage good practices and at the same time, as I said, operated on the basis of consensus and didn't want to push anybody out of the club or scare them away. I think that aid allocation is never entirely an objective judgment about where can we best deploy these resources to achieve the maximum development result. It's always who are our friends, where do we have people who are descendents of our nationals living, where

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do we have strategic interests, and so forth. You have the Nordic countries in particular who on a per capita basis or on a percentage of gross national income basis are the most generous and who often times do not have either colonial ties or strategic ties and who do try to push the resources to where they think they are most needed. This is seen by some as scolding the others, so you get into those kinds of tensions. Some are more field based; some are more headquarters based. They're all different. During my time I saw every one of the DAC countries reviewed—the peer review—and some more than once because we tended to do the big donors more frequently than the very small ones like Luxemburg. I think Luxemburg was done once during the five years, and they are very generous, but it's a small base. I don't think there's anything intelligent I can say about one country's aid program or another. A lot of them have mixed stories about how good they are. There tended to be a lot of respect for some of the smaller Nordic countries like Denmark that everybody admired; Switzerland had a program that everybody admired and in part because they were not imposing. They were collaborative on their approach. I remember a review of Switzerland where the report on the visit to the field mission said they're almost invisible in a good way.

Q: Of course, we carry so much international baggage wherever we are that it can't help but have an impression on a country, I suppose.

MICHEL: Well, sometimes that can have advantages if what the U. S. thinks what's important to that country than diplomatic support for the objectives of the AID program can push it along a little bit. On the other hand, if you push too clumsily or too hard, you undermine the local ownership that has to be at the base of any real development progress. Otherwise, it will go away, and progress stops, and what have we accomplished?

Q: What about non-governmental organizations? These things were NGO's were proliferating during this period because they had become a major part of AID.

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MICHEL: Well, the U. S. has gone very far in providing assistance to and through NGO's. I would say that during the time that I was in the DAC, the more conventional approach was still to work with governments on the part of most donors. But again, I'd say particularly Western Europe and northern parts of Western Europe were moving toward increase in working with civil society directly as a way to improve the climate in the country for economic and social and political progress in modernization. The NGO's all learned very well how to play that game.

Q: Did...

MICHEL: Sometimes NGO's would not exist if it were not for the opportunity to get a grant from some donor.

Q: Where were you...

MICHEL: But others very solid local.

Q: Were we at all concerned about the largesse that was flowing, particularly, I think it was Saudi Arabia, but it could be other countries into schools and all other places which had their...as turned out to...

MICHEL: The madrassa phenomenon.

Q: Madrassa which turned out a...

MICHEL: No.

Q: ..fundamental, Islamic philosophy...

MICHEL: No.

Q: ...which had become quite dangerous.

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MICHEL: Yes. I never heard about that or thought about it at that time. Obviously, today we know a lot about it and are worried about it, but no, we didn't think much about that. We did, again, one of these outreach things. We had a meeting that was hosted by Mexico after Mexico joined the OECD in which we got together new donors—not members of the OECD necessarily—and some of the members of the OECD but not members of the DAC. Mexico, the host country, did not join the DAC immediately, and it would have been politically awkward at home for Mexico to join the committee of donors at a time when people in Mexico were saying, “Well, gee. We are so poor,” and this would have been a political football. It would have been kicked around quite a bit, so they didn't join the donor group. Some of those who came to the meeting in Mexico didn't want to be called donors but what we called emerging partners or something like that so it was not clear what we were talking about. We brought people from Israel. We brought people from Saudi Arabia. One of interest to me was we had a China and a Taiwan person, and some from South America, where Brazil, Chile, Columbia had aid programs, and Turkey, an OECD member was there. So we had all of these countries around, and we had people come from the statistics office in the OECD Secretariat. Well, this is how we keep track of statistics. We had somebody come who had invented the logical framework project analysis for project development at AID which is now pretty much an international standard. People talk about the log frame analysis around the world now. This individual explained logical framework analysis for designing an aid project: if this, then that; if this then that. We had people come and talk about the DAC guidelines and good practices for many things. So we were trying to engage these new donors to encourage them to think about how you do this. Our motivation, in part was that in the peer reviews we saw that countries who came into the DAC without having thought about all of this wound up with some very distorted programs or some programs that weren't really well focused or they were just doing isolated projects without a strategic context. And so the thought was that we would bring some of these new donors together and talk to them about how you do it. We did a couple of those kinds

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of things to reach out, but we did not get into Islamist extremists poisoning the minds of youth.

Q: You had a civil war going on practically in your back yard in Yugoslavia during this time. Did you have any role in that?

MICHEL: Again, not operational because DAC was not an operational agency. It's policy coordination entity. When I went to the high level meeting of DAC, before I was elected in December of 1993 I spoke with a number of the ministers and heads of aid agencies, just introduced myself to these people because I was a candidate. Several of them, and I remember the Italian head of their operation in particular urging greater DAC attention to conflict. Here we are. Aid levels were not going up. Development needs were critical, and a significant amount of the resources were going into humanitarian and refugee relief and war. How do we deal with the victims and the conflict, pre-conflict prevention, post-conflict reconstruction? We've got to look at this. And so that conflict in Europe, I think, as much as anything, sparked a priority within the policy function of the DAC to look at issues of conflict, peace and development. And out of that came a task force on the subject that worked for a couple of years. I chaired the overall task force, and we had two sub-groups. That effort produced DAC guidelines on that subject. Later, after I left, the work went on, and the DAC produced another set of guidelines on conflict prevention. There wasn't enough study or research done when we were started to get a handle on conflict prevention. There still isn't. But anyway, enough came along later so they were able to come up with some good guidelines on conflict prevention and post-conflict, working development assistance in post-conflict environments. So the conflict in the Balkans had its echoes in the policy agenda for the DAC rather than anything operational.

Q: I would think Africa would be sort of the main focus...

MICHEL: Yes.

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Q: ...almost every place. You look at Latin America, and we had someplace that needed some dough, you know. That's true in Asia and all, but Africa... The whole bloody place needs it!

MICHEL: Most of the members of the DAC were the European countries that we've counted up, and then the European community—the European Commission—was a member. This was an oddity because the World Bank and the IMF and during my time the UNDP as well were all official observers. But the European Commission was a member. They had European countries and somebody from Brussels as members.

Q: This was the European Commission before it became the European Union.

MICHEL: The European Union had its own aid program. There's the French aid program, the German aid program, and so forth, and then there's the European Union program. This was a director general (DG8) for development on the European Commission in Brussels. Anyway, because there were so many European members and their focus tended to be on Africa, there was a lot of focus there by the DAC. I had not been anywhere in Africa until I went to the DAC, and then I went to Cote d'Ivoire I went to Mali, I went to Burkina Faso, I went to Malawi, South Africa, Zimbabwe, and Ethiopia. You pretty much saw a lot of Africa because of the interest of the members in that continent, and it is the big development challenge.

Q: By the time you left there in '99, how did you feel? Did you feel that the development world was making progress?

MICHEL: Well, there were two things going on that were inconsistent. First, development assistance—official development assistance—and the DAC defines what official development assistance is for the world. Official development assistance volume was in decline, and the U. S. was leading the decline. It had gone down from sixty-something billion to a little under fifty, I guess it was. Right around fifty. Now it's up to over a hundred

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billion today. It's doubled. But the U. S. leading the decline, and also Japan, which was beginning to experience new economic pain at home. The U. S. and Japan were the two biggest donors, and some of the others were shrinking as well. France came down a little bit. The percentage of GNP devoted to aid by several came down. So you had this organization that had been traditionally focused a great deal on aid volume faced with a situation where aid volume was declining. On the other hand, what I was interested in doing more than anything in the DAC was focusing on effectiveness. What is aid doing? What results are you getting? That, I felt, really had moved forward a great deal in getting the attention on that set of issues. That was one I remember emphasizing from the very beginning. When I first went there, I was invited to speak at the annual meeting of the World Bank in 1994. I gave a talk on aid effectiveness and never stopped focusing on that theme. One of the things, and I guess perhaps the most significant accomplishment of that five years for me was being the moderator of a broad participatory effort of the members to create a policy statement on values and interests called *Shaping the 21st Century*. In that document we adopted what came to be known as the International Development Goals, which later were picked up by the UN and adopted as the Millennium Development Goals with a few minor changes. The goals now are universal. We combined that idea of specific goals with a strategy that put more of an emphasis on partnership, on holistic approaches, on getting away from the beauty contest kind of project and advocated greater coherence.

Q: You're showing me a report here.

MICHEL: Yea. It's a very short little document that sets out the two pieces of goals and partnership strategy combined, in a way, that offers hope for making aid more effective. I had brought with me to the DAC my enthusiasm for strategic goals and work programs to implement them, and we adopted goals and objectives—strategic objectives—fostering progress toward these measurable goals of economic well-being and social development and encouraging partnership to encourage local responsibilities and facilitate the mobilizing of adequate resources from aid and from other sources to finance development and to bring together policies in ways that were more coherent. The

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Secretariat developed a work program in consultation with the members, and then we'd bring it to the meeting of the members, and the members approved it to try to advance that agenda, and then we would review that work program several times a year. So I felt that the DAC became a somewhat more active voice for aid effectiveness, even at a time when the resources available were declining. Now, since then I can observe that the resource levels have gone up. Some of that is misleading because I don't know how much Iraq and Afghanistan is in that hundred billion dollars to which aid levels have ascended. And I hope that the DAC is still a big voice for effectiveness. I know that there are programs. There was a recent Paris conference on AID harmonization and working groups are trying to encourage more coordination, encouraging the donors to use their resources in the spirit of partnership. The developing countries and the multi-laterals were participating in this work, so I feel that the DAC has become, perhaps, increasingly concerned with how it's done and not just, "How much are you spending?" I think it is now generally accepted that increased resources require demonstrating that aid is a good investment and achieving results.

Q: You finished this in 1999, and then what?

MICHEL: Brian Atwood was leaving AID. He asked me to come back for one more transition which I did. I took the job of Counselor to the Agency which was the top career job in AID in the front office. My predecessor in that job went to Paris to become the U. S. representative in the DAC, and my successor as DAC Chair was French! The U. S. lost chairmanship of the committee, which was anticipated and the U. S. decided not to fight to keep it. I came back as Counselor, and I worked on the transition, briefing books and briefings for Brady Anderson who came in as AID Administrator when Brian left. Brian was nominated to be ambassador to Brazil. When the Senate Foreign Relations Committee declined to report out his nomination he left government at that point near the end of the Clinton administration. I stayed on as Counselor which was sort of a trouble shooter for the Administrator on issues that came along of some moment, and you had to figure out how to manage them and bring the bureaus together. But there wasn't a lot of management of

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anything there. The Counselor was dealing with bureau heads who tended to be political appointees who were Senate confirmed presidential appointees. They didn't really want to listen to you very much! When the election was coming up in 2000, I didn't want to be in the position of leaving after the election—whoever wins—and have it appear that I left because of the outcome of the election. I had completed thirty five years of government service in seven administrations and I didn't want to do another transition. So that was the end. I walked out the door the first week of November of 2000 before the election, and since then I've been an observer rather than a participant.

Q: What sort of things have you been doing since?

MICHEL: I have been a consultant in international development cooperation and other government kinds of things. I work part of the time with a San Francisco-based firm of consultants that does technical assistance on rule of law. These are people I have known for a long time and who do work in which I have had an abiding interest for twenty-five years. The other half is freelance. I don't do rule of law work for anybody else because that could be confusing, but I will do other kinds of individual assignments. I recently did with a colleague from the State Department days a look at career development and workforce allocation in one group of bureaus in the State Department, looking back to when I did personnel work. So that keeps me busy a little more than half time, and I can say yes to things I want to do and no to things I don't want to do. I don't have to commute every day. And I get to travel around and see some interesting places.

Q: Great! Well, I want to thank you very much. This is wonderful!

MICHEL: OK. Well, I've enjoyed just sitting here in a stream of consciousness. I haven't had to think very much about this, and I hope it hasn't been too boring as I get wandering off down different rabbit trails.

Q: Not at all.

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End of interview