

## Interview with Mr. James A. Placke , 2011

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

JAMES A. PLACKE

Interviewed by: Charles Stuart Kennedy

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

*Q: Okay, today is July 31, 2001. This is an interview with James A. Placke. This is being done on behalf of the Association for Diplomatic Studies and Training and I'm Charles Stuart Kennedy. You go by Jim?*

PLACKE: Yes, I do.

*Q: All right. Well, let's start Jim, could you tell me when and where you were born and something about your family?*

PLACKE: Okay, I was born in June 1935, which is 65 years ago, in Grand Island, Nebraska. My father ran a country grain elevator in a very, very small town in Nebraska, not Grand Island, but St. Libory for about 45 years and my mother, as was common in those days, was a full time housewife.

*Q: What's the background of your father?*

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PLACKE: My paternal grandfather emigrated from northern Germany, so my father is a first generation American on his father's side. My grandmother, my paternal grandmother came west in a covered wagon in the late 1880s from Ohio.

*Q: Well, on that side of the family what caused them to leave Vermont and head for Ohio?*

PLACKE: No, I'm not sure of that, both my paternal grandparents were of German background. I don't really know when my grandmother's family immigrated to the United States, but it would have been sometime in the 19th century, probably after the American Civil War.

*Q: Do you know where on you father's side where the Plackes came from?*

PLACKE: Yes, from Near Hanover.

*Q: Supposed to be the purest German I think.*

PLACKE: Well, no actually, if they're speaking Hochdeutsch, yes, but if they're speaking Pav Deutsch, no. My father spoke Pav Deutsch.

*Q: How German was the community where you were?*

PLACKE: It was mostly German. That was the predominant ethnic origin and then a number of other central Europeans from what was then part of the Austria Hungarian Empire and would have been called Bohemia; some Poles, some Scandinavians, a few Russians.

*Q: Now, what about schooling?*

PLACKE: I went to a Catholic school, to elementary school through the 8th grade. It was not a one-room school, it was a two-room school and we had four grades in each room. I

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went through school with the same two guys, there were three of us in the class and that was the class for eight years.

*Q: Was it run by nuns?*

PLACKE: Yes, it was.

*Q: How were the nuns? One hears stories about nuns with rulers.*

PLACKE: Oh, yes, well, there is some truth to that. I was never victimized, but I you know, many people would think that was a real disadvantage. That's never been my feeling. I feel I got a really outstanding elementary education, better than I would have certainly in the public school system that was available.

*Q: What sort of subjects were you best at and what were you worst at?*

PLACKE: Actually in the elementary school I was pretty good at everything. That changed over time. I guess I was always, I read a lot and I was interested in history and science I suppose.

*Q: Can you think of any of the books that you read that sort of type of books that really interested you particularly?*

PLACKE: In elementary school level I can't anymore. I read a very small collection of miscellaneous books. I read probably most of them in the course of eight years.

*Q: Your town was called what?*

PLACKE: St. Libory. He was a 15th century German bishop.

*Q: What was it like living in that town?*

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PLACKE: Well, the town such as it was only a little over 100 people, probably a quarter of them relatives of mine. My father ran, was the manager of, the largest enterprise in town which was the grain elevator. I guess by the 1950s they were doing a million dollars turnover, which in those days was a fairly big deal. He also had a cattle feed lot on this little acreage we had which was about three acres and about half of it was devoted to cattle feed. It was a very quiet existence.

*Q: Did you get involved as sort of a after school in helping on the elevator?*

PLACKE: Oh sure. Not so much on the elevator, well I did that a little bit, particularly during harvest season, but as I grew up I began to take up some of the cattle feeding chores and hog feeding, we also had hogs. Sort of graduated to getting into some field work with a tractor that my father had taken in on a bad debt and he turned over about 60 or 70 acres of land that he had to me to raise wheat. So, I'd spend weekends in the fall sowing wheat and a period of time in the summer getting ready to sow wheat. Then of course be there for the harvest, which in that part of the country is in early July.

*Q: With wheat, you almost think of other crops that you would have to do a lot of tending while it is growing, but once you sow it that's it, isn't it?*

PLACKE: You just watch it grow and hope for the best. That property now, actually my sister and I inherited it when my parents both passed away; it is all corn and soybeans. One of the things that my father did much later was level the land and put in an irrigation system. Also, we would have from 60 to 80 head of cattle on feed during the winter months and they ate a lot of feed which meant you had to, we also had a truck and we'd take the truck down and load it up cracked corn and put that in a storage bin out of which we fed them, we'd go out and get hay for them in this hay loader that we had. So, I grew up with a lot of machinery and outdoor activity.

*Q: While you were in grammar school, I guess you were what about 12 or so?*

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PLACKE: Well, let's see I was 13.

*Q: Did the outside world intrude much or was it pretty much an enclosed community?*

PLACKE: Well, my father who only had a high school education, but did some did have some business courses beyond that, but the practical kind, accounting and that sort of thing because he ran the business for many years all by himself. He had to do all these various aspects. He had a wider set of interests as well and so he subscribed to news magazines and by the time I got to be seven or eight years old I began to read these things and take an interest in the rest of the world.

*Q: What about World War II and the area being of German stock and all that, how did that impact?*

PLACKE: No sympathy for the German side of the war as you would expect, none at all. As for the First World War, my father was born in 1903, so he could barely remember it. Anyway I think the First World War was probably a bit different, but the Second World War, definitely not. I remember Roosevelt's broadcast on Pearl Harbor. I was listening to the radio and this shocking news came on and I remember being concerned about...would the Germans occupy and what would that be like, as then kids do. All kinds of imaginings which you know was kind of disturbing. I followed the war news in the paper with great interest. I suppose one thing, one particular thing that has stood me in good stead the rest of my life that was imparted in elementary school was a sense of geography. We had a course in geography and we memorized maps, drew them and so forth and learned where things were and where they were in relation to each other and what the highest mountains were, major ports around the world and all that sort of thing. During the Second World War there were a lot more maps of this and that campaign and so forth, but normally would have been the case in the local newspapers. All of which I found very interesting.

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*Q: Yes, I think you know all of us could tell where Guadalcanal was and Tobruk and Rostov and so on. I mean these were where the great battles were fought in those areas and you needed to focus. Nothing like a world war for a good geography lesson. It's a little bit expensive to do that to teach a few generations.*

PLACKE: Well, I was a little vague on where Tobruk was until I finally went there.

*Q: Did you have brothers and sisters?*

PLACKE: I had one sister who is six years younger.

*Q: At home at night, did you, were there, were politics talked about or the war or other things talked about around the dining room table?*

PLACKE: Yes, my father had views on domestic politics not so much internationally and yes, we'd talk about that a bit. We listened to the radio a lot until after the Second World War. I think we were the first really to get a television set, along about 1948, which was still fairly early in those days.

*Q: Where did you go to high school?*

PLACKE: I went to high school in Grand Island, which is the third largest city in Nebraska. It was then and it still is with Omaha and Lincoln being in the lead by far. Grand Island in those days was a town of about 25,000 people. They had a good high school, a public high school and that's where I went to high school.

*Q: How did you find your, how well were you prepared for your two-room schoolhouse to this?*

PLACKE: Well, fine I had no problem holding my own. The ninth, I attended the ninth grade at the Grand Island High School. It was called Grand Island Senior High School. The differentiation being they had a middle school system, so junior high was grades

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seven, eight and nine and at the high school there was a ninth grade for the so-called country kids who came in from the surrounding communities. Those communities paid a fee to the high school to operate this ninth grade course. So, I started there in the ninth grade and spent four years in high school and most students only three.

*Q: In high school what was your sort of your, what were your major interests?*

PLACKE: History, I guess I would have to say. Up to, well again science as well. We unfortunately had a really lousy science teacher. Pretty good biology teacher, but the physics teacher was not good. I didn't take high school chemistry, which was a mistake, because I had to take remedial chemistry in college. We had very good history teachers fortunately. Both the tenth grade, which was American history, and eleventh grade, I'm sorry, tenth grade was world history, eleventh grade was American history and both of them were quite good. Then twelfth grade, senior level in high school was social studies which was a kind of a mixture of civics and a little bit of very elementary economics and that sort of thing. I guess economics began to interest me about that time as well, how things worked and what made things happen in the country. Of course, economics and politics are very closely connected.

*Q: Do you recall what the politics of Nebraska were at this time? We're talking about in the late '40s.*

PLACKE: Nebraska, which might seem odd to look at from today's perspective, was pretty consistently Democratic. Nebraska had suffered a great deal economically during the Great Depression, which coincided with the Dust Bowl period, and I can remember the sort of last years of that, the dust literally would blow and the sand would blow.

*Q: Were people leaving Nebraska at that time for California?*

PLACKE: I don't think so. I think that was probably, there may have been some, I just wasn't aware of it.

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*Q: Oklahoma, Arkansas and like that?*

PLACKE: Yes, at least in, you know in extended family was fairly large and none of them did, so my awareness recollection is that it doesn't include that. But, it was, times were tough and Roosevelt promised a great deal in the New Deal program including the antecedents of today's farm program which gives out billions of dollars a year. So, the Democratic Party program appealed a lot more than the Republican who essentially ignored the beginnings of the recession. Then it got mixed up; too with the war and it was a very patriotic community and a feeling that you shouldn't change horses in midstream. That was a favorite trick.

*Q: During this period, did the McCarthy movement, known as McCarthyism, penetrate?*

PLACKE: Oh, yes, certainly I had an awareness of it. My father was on the right side of that. He was politically quite conservative, but he thought that McCarthy was a demagogue. Of course, he was right.

*Q: When you were in high school, were you pointed towards anything, I mean, you know, what were you going to do?*

PLACKE: The one thing that happened in high school that did have an impact on the rest of my life was one day I was sitting in the library, I think, and I was called to a teacher's office. A teacher I was aware of. It was a fairly small high school. I think we had an enrollment of about 250 or so. So, you knew all the teachers or at least knew who they were. Miss Kinney the speech teacher said that she wanted to see me so I went to her office and classroom. She said, "You know, I've heard this or that about you and I think I'd like to invite you to register next fall which would have been my junior year for the debate class, the debate program." I thought about it and thought well, you know, if you're asked to do something it's probably a good thing to say yes. So, I did and that did make a difference in the rest of my life because I absolutely became a pretty good high school

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debater. I won various tournaments and things in the state, at the state level. I went to a few tournaments beyond there and so on. I continued actually with that in college, which always served me very well.

*Q: Well, what was it that you think this Miss Kinny saw?*

PLACKE: I don't know. I don't honestly know, but whatever it was she seemed to be right.

*Q: Yes. It's remarkable when you look back and realize that when somebody sort of reaches out and pushes and touches their finger to you, that makes a difference.*

PLACKE: It certainly did in that case. It was a benchmark.

*Q: Were the debates at the high school level sort of a sporting event? I mean did people attend, was it a pretty good.*

PLACKE: Well, there wasn't attendance, or it wasn't like, you know, it wasn't certainly not like football which is a big sport of course. We didn't even have a baseball team, football and basketball were the sports. There was a letter for the debate team and we got our share of recognition in high school assemblies and that sort of thing. If we did well that seemed to get favorable attention from the rest of the student body and the teachers of course promoted it as well for academic reasons. So, yes, it gave you a certain amount of notoriety.

*Q: Well, did you know where you wanted to go to college?*

PLACKE: Well, there wasn't really much doubt about that. It had to be a public institution. The obvious choice was the University of Nebraska and there were other small colleges, but at the time I thought I wanted to be an engineer and the only respectable engineering school and it may have been literally the only one in the state was at the University of Nebraska in Lincoln. So, there's where I enrolled. That would have been 1953.

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*Q: So, you would have been there from '53 to '57?*

PLACKE: Right.

*Q: What courses were you taking at the university?*

PLACKE: Well, the first year engineers take a standard set of courses. I don't think, I'm not sure there were any electives at all. So, I took that and had to take the remedial chemistry course, which was very good. I learned a lot out of that. It also was useful back then. By the time I was a senior in high school it became clear that math was not going to be one of my strengths and that became even clearer at the university. By the end of my freshman year I had passed all of my courses, some of them with not terrific high grades, I realized that if I was fortunate enough to graduate and get an engineering degree I probably would never be a very good engineer and that really wasn't what I ought to do. As I got into it I began to appreciate what engineers actually did. It didn't have that much appeal.

*Q: Well, then, what was the University of Nebraska like at that time?*

PLACKE: Enrollment I think was around 16,000 or so, so it was a fairly large school by the standards of today. It was a big state university. It was very different from the way the university is today. While I received my bachelor's degree in 1957 and a master's degree in 1959, I stayed on because my Foreign Service appointment was a year or so away after graduation. I think it was while I was a graduate student a new chancellor came in who had a very different approach. He was very politically attuned. He left the Nebraska state legislature and was interested in and would support which was courses that were very specifically related to the interests in the longer term professional needs of the state which is a little bit of business and a lot of agriculture. That was what he emphasized. When I was there we had nationally known figures and all kinds of arts and sciences to some extent. I studied a one-year course with Edgar Johnson who was one of the well-known professors of world history at the time; ancient history was his specialty. It was a terrific

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course. It was viewed somewhat immodestly entitled the History of Western Civilization in four semesters. I was only able to take the first two, but it was terrific. There was a very well known nationally poet at the time in the English department and other figures that you wouldn't have expected to find in Nebraska, but they had been recruited and came there and were given I think probably opportunities in their own professional fields that they might not have gotten elsewhere, but that faded away and it's essentially an agricultural, agriculture, medicine, law and so on.

*Q: While you were there did you get involved in the ROTC (Reserve Officer's Training Corps)?*

PLACKE: Yes, I did. This was the years toward the buildup toward Vietnam and the expectation by the time I was at the university age it was pretty clear that you ran a pretty hot risk of being drafted upon graduation. If you were enrolled in good standing you got a more or less automatic deferral. When you graduated or stopped attending, your number came up very quickly in the draft lottery. So, in the ROTC was one of the ways to ensure at least to complete your education. So, I enrolled in it and also Nebraska was a land grant college so it had a full ROTC program, all three services and I enrolled in the air force ROTC. It was mandatory for the first two years for all male students and then optional and then went into essentially an officer candidate program for the last two years which is somewhat more academic and more handed toward military subjects. I enjoyed it. I went through the first year, which was my junior year and went to summer camp, which was a big thing at Fairchild Air Force Base in Spokane, Washington. Drove out to Spokane, four of us in the car drove 24 hours or whatever it took to get there, just went straight through. That was an interesting experience. I think I probably learned something out of it, but I had a case of hepatitis when I was about 12 or 13 and it was finally diagnosed as hepatitis and then when I was at summer camp I got another bout of hepatitis. There is hepatitis A and B and I ended up having both of them. So, this disqualified me from the officer program, but it made me subject to the draft. I then went back at the end of summer camp, went back and completed my senior year, graduated and a week before graduation I was to

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take my draft classification physical which was in Omaha. The same weekend coincided with my Foreign Service oral, so I passed the Foreign Service oral and failed the draft physical.

*Q: Back at the University of Nebraska, I take it you switched from engineering to something else?*

PLACKE: Yes, what at that time sort of every ex-engineering student did and there were a lot of them, one of the things that the dean of engineering did, there was a one hour credit introduction to engineering science course which a sort of engineering kind of thing and the dean would speak occasionally. The first meeting of that course for each class, one of the things he did he said to look to the person to your right and to your left. One of those two won't be here when you graduate. Statistically that was very much the case about a third of the freshmen class dropped out and I was among that group. Most of them went into business administration as I did, mainly because I didn't have a clear notion of anything else and it was relatively easy. The course work was not difficult and a lot of latitude for pursuing other things which I did. I took a number of courses by examination, continued with debate as a college debater for a couple of years. The format was very familiar, it was pretty much the same as the high school debate and pursued an interest in history and political science. So, I ended up with a double major and a minor, with a major in business administration and in history and a minor in political science.

*Q: In the history/political science field did you find yourself concentrating on any particular area or were you looking at any part of the world?*

PLACKE: No, not really, I guess my orientation was more toward ancient and medieval than contemporary or modern history, which I guess I felt I could read enough of that. There were other things that were much more new and seemed more exotic. It was very useful to have a lecturer particularly if you had somebody like Edgar Johnson.

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*Q: How did you hear about the Foreign Service?*

PLACKE: A good question and a very simplistic event. It was about January I think of my senior year and it had begun to dawn on me that I was going to have to do something in about six months to earn a living and I wasn't particularly qualified to do anything that I could see. Of course, recruiters from major firms would come through the college. I interviewed with IBM at one point, but what they had in mind was a sales, an entry-level sales position, which I didn't find appealing at all. I didn't do fairly well in the interview at that matter. Among the things that appeared on the college bulletin board was an announcement that a Foreign Service recruiter would be coming to the campus and it gave as much information as it could on one piece of paper posted on a bulletin board, which wasn't a lot. Well, I had vaguely been aware that there was a diplomatic service and that most countries at least Western European countries had one of these and didn't have much of an idea, not a clear idea at any rate of what they did, but it all sounded interesting. So, I went to the presentation and there were two things that stood out. One, entrance was by examination and I figured I'm as good as anybody else, I can pass that exam. The other was the salaries and benefits sounded pretty good by the standards of the day - \$5,225 a year.

*Q: That was pretty good pay.*

PLACKE: In the late 1950s, yes, it wasn't bad. Yes, it was. I came in as a GS-9 (GS means the General Service pay scale for federal employees.)

*Q: What about foreign lands, getting out and seeing them, did that?*

PLACKE: Yes, that appealed to me a great deal I guess because of this longstanding interest I've had in history.

*Q: Had you taken any languages?*

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PLACKE: No, I didn't take any language at all prior to entering the Foreign Service.

*Q: No Latin or anything like that?*

PLACKE: No.

*Q: When did you take the Foreign Service written exam?*

PLACKE: The written exam, well I think it was probably February or March of the year I graduated, which was 1957, because it was not long, two weeks after the Foreign Service recruiter had been to the campus. I passed it, just barely. It was either pass or fail, so barely didn't matter.

*Q: How did the exam strike you?*

PLACKE: Without a doubt, the most difficult exam I'd ever taken and as you know, any Foreign Service who has come in the examination knows, it's only loosely designed to reflect knowledge. It reflects I think a whole lot of other things and you know, I passed it.

*Q: When did you take the oral exam?*

PLACKE: I took the oral exam in May of '57.

*Q: Where did you take it?*

PLACKE: In Omaha.

*Q: Do you recall any of the questions or how it went?*

PLACKE: Yes, I do. There was one I guess this is not an uncommon experience, there was one in particular.

*Q: It sears the soul.*

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PLACKE: I was sitting in the little anti-room with the other examinees. One of them in particular was just about to get a law degree at the University of Nebraska and he was quite confident that the rest of us wouldn't pass and he knew he would, which didn't do much to my self-confidence. I got my turn finally and everything went along quite well. The panel was very cordial and tried to make everybody feel at ease and so on and the questioning was going on. They said, "Well, Mr. Placke, you're from Nebraska and have an interest in history and development of the United States. Tell us about the Missouri Compromise, which was a major element in the history of this part of the country." The only time I had studied American history as a subject was when I was a junior in high school, which was some five years earlier. So, I did the best I could and as I began to recall things sort of warmed to the subject and went on for five minutes or so and when I was finished, he said, "Well, that was I think a very good exposition of the Compromise of 1850. Now what do you know about the Missouri Compromise?" Well, of course I felt that I had totally blown it. From that point on I just relaxed and figured well it didn't matter. At the end I passed the interview.

*Q: At that time did they tell you that you know after due waiting in the anti-room they tell you whether you passed or not?*

PLACKE: Yes, everybody was told that. The lawyer didn't pass. There were five of us taking the oral exam that day and I was the only one that passed.

*Q: So, what did they tell you I mean what was going to happen?*

PLACKE: Well, you know, they said, "We're very pleased to tell you that you've passed the exam and we think that you'd be a good Foreign Service officer. We're going to give you our imprimatur and don't let us down and this is what you can expect. These are the steps that you'll go through." There was a physical exam down the road.

*Q: About the hepatitis, was that going to be a problem?*

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PLACKE: Well, the next day was when I had an interview with a medical consultant. When I'd gone through the draft physical the day before, I'd brought with me all my documentation, particularly from the Air Force ROTC summer camp, and it was the interview with the doctor at the end of the physical that to me was the whole point of the exercise, so I had laid all this out. He said, "Well, I don't know whether you will ever have a reoccurrence of hepatitis, but it's clear that this needs to be examined more thoroughly and here is the name of a medical consultant downtown and we'll make an appointment for you for the next day." So, they did and so I went down to the doctor after the Foreign Service interview.

He went over it all, maybe it was mainly just an interview. Well, what about this and what about that. When that was finished, he said, "Well, there's no way of knowing whether you will ever have another bout of hepatitis or what the consequences might be and probably two years in the Army wouldn't really do you any harm, but I'm going to decide in favor of the American taxpayer because I don't want you to be on disability and a public charge for the rest of your life if you should happen to have another bout of hepatitis and the effects were serious." So, he said, "I'm going to recommend that you be classified as "4-F" which is indefinite deferral and so, that's what happened. So, I failed my draft physical and passed my Foreign Service orals.

*Q: The hepatitis was one of these things where you're not supposed to drink and that sort of thing?*

PLACKE: Well, with hepatitis it can reduce your liver function and of course that was all checked out and there was some liver damage. They tell you shouldn't carry that to excess. I haven't carried it to excess, but I certainly haven't finished totally. In the Foreign Service physical I went through the same routine and they said, "Well, you know, yes, this is an important element of your medical history, but it doesn't preclude you from qualifying for the Foreign Service and it has never been a problem.

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*Q: So, what did you do then?*

PLACKE: Well, I went back to the University of Nebraska and immediately the next Monday applied for graduate assistance ship in economics. There was a very good economics professor who was in the process of writing an economic textbook - John O'Connell is his name - which is the second favorite economic, basic economic text. He's a very good teacher and another fellow that I would as graduate assistance and graded exams and talked to and did counseling for sophomore students in the Economics 100 course. It was a mass lecture course. Also, got set up as an advisor of a professor that I liked a lot who was in the history department, but taught economic history and that was the major that I chose.

*Q: As a major, did you find yourself looking in any particular area?*

PLACKE: Yes, what I wrote my thesis on and my master's degree was aspects of the German economic recovery after the Second World War. Certainly some of the original documentation that the evaluation of the effects on American bombing on German industry and all this sort of thing, policies particularly monetary policies that facilitated the German economic recovery.

*Q: Wirtschaftswunder!]*

PLACKE: Right. An economic miracle.

*Q: Yes, well, you know, it was a fascinating sort of exercise in economics to be able to see with all our people plodding here and there and see how this actually came out.*

PLACKE: Oh, it was a laboratory and probably better documented than anything that significant that had been done up until that time. So, that was again combined economics had increasingly become an interest and still is so I combined the economics industry.

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*Q: Well, then on did they give you any idea of when you might be called into the Foreign Service?*

PLACKE: Yes, when I completed the, oh actually, I think the Board of Examiners in due course communicated with me and said that you could reasonably expect an appointment in about a year which is what happened. I came into the Service in the entering class of September 1958.

*Q: Had this allowed you to get your Master's?*

PLACKE: I finished all my class work. I didn't wrap up my thesis, which was always a problem. I finished it before coming to Washington to begin the Foreign Service, but only just barely. It was too late to get a degree that summer, so the degree wasn't actually conferred until January of 1959.

*Q: At this time did you have a...don't want to use the word encumbrances...were you married?*

PLACKE: No.

*Q: Then you entered the Foreign Service in 1958. Can you characterize, you know, when you arrive and look at your class, your Foreign Service, the basic officers class, you wonder what is this that I'm getting into and that class represents it. What was your class like?*

PLACKE: I was very impressed with everybody in the class. Melissa Wells was a classmate. One of the first, not first really, but one of the relatively rare Foreign Service entrants among women and of course Melissa and her career has done exceptionally well and brought a lot of dimension to the class that we would have lacked otherwise. There were a couple of Harvard guys who I tended to hang out with and one of them, David

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P. Chandler, resigned about ten years or so later I think because of his sentiment about Vietnam. He has become quite a noted Southeast Asian historian.

*Q: That's all right. Well, did you feel, you know, coming from the University of Nebraska, did you feel like the country boy coming into the big city?*

PLACKE: No, I didn't. I've never felt that way.

*Q: How did you find the training?*

PLACKE: I don't know what the A-100 course is like today, but this was all new and just because it was new it was interesting. I thought this was really terrific to not be held accountable for anything. There isn't an exam, you're not going to pass or fail at the end of this, you're in the Service, you've got a career, they're paying you to do this, this is terrific.

*Q: Where were you asking to go?*

PLACKE: Out. My attitude was, "Look, I joined the Foreign Service, I want to do something foreign." I think frequently over the years most entering classes, the majority or a substantial part end up with their first tours in Washington. That was true for ours, I think about two-thirds of the class had a first tour in Washington in a variety of places. A lot of them went to INR (Bureau of Intelligence and Research). I said, "Look just send me abroad." So, they needed an economic officer in Baghdad and by that time, the assignment time which was the spring of 1959, I had my master's degree and there were some credentials there. They said, "Well, this is one of the few entry level economic officer jobs around the world, if you want it." At least I knew where Baghdad was and had been always had been fascinated with that period of history, really from the Sumerians onwards. So, I had some quite dramatic notions of course about what this was like which were rapidly disabused once I got there. Now, this was right after the Iraqi revolution in July of 1958 that overthrew the monarchy.

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Q: *July 14th I think.*

PLACKE: That's exactly right, July 14th. I got to Baghdad nine months later.

Q: *So, I mean you knew that they'd already dismembered some American tourists. not tourists, but...*

PLACKE: Yeah, Three American businessmen were pulled out of the Baghdad Hotel.

Q: *The reason I remember this vividly was I was in Dhahran on my second assignment, so we were following on what was going on up there very, very closely.*

PLACKE: You were in Dhahran in the late '50s?

Q: Yes.

PLACKE: Dhahran was not a piece of cake in those days either.

Q: *Well, I mean it was you know, a lot of sand, it's kind of warm.*

PLACKE: But the compound doesn't look that much different today.

Q: *No, but anyway, so obviously we were following what was going on. Was there any disquiet about going there? I mean, you know, you're talking about going from the United States into a place that's had a very violent revolution. This was not a moderate one.*

PLACKE: No, it wasn't, quite right. I'd never been east of Chicago. I began this new set of experiences, so yes; it was all pretty exotic and certainly new. Yes, there was concern and I got various briefings about what some of the issues between the governments were and what we were trying to accomplish and what some of the day to day risks were. There were risks. I'm fine; I'm ready for this.

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*Q: Well, then, you were in Baghdad from when to when?*

PLACKE: I got there in I believe April of '59 and left in October of '61. About two and a half years.

*Q: Did we have an ambassador or?*

PLACKE: When we arrived the ambassador who had been there at the time of the revolution - his name was Waldemar J. Gallman - had left [Editor's Note: Ambassador Gallman departed post December 14, 1958]. His DCM, David A. Fritzlan, was the charg#.

*Q: Then John D. Jernegan came in January of 1959.*

PLACKE: Oh okay, then, Jernegan was ambassador already by the time I got there, and it was the old DCM who was still there. And Rodger Davies succeeded him as DCM that summer. [Editor's Note: Davis arrived at post in June 1959] Rodger was, for my money, a great [guy].

*Q: Before going out there, did you have any feeling that you were going to entering, if only for awhile, sort of a very distinct club as there was the Soviet officers who dealt with the Soviet Union, and the Near Eastern officers. Did you get any of that feeling?*

PLACKE: No, not nearly so much as one acquired simply by being there. The Arabists weren't identifiable as a group particularly among the officers who spoke Arabic. There were several at post who really I think were real first class Foreign Service officers.

*Q: Who were these?*

PLACKE: Lee Dinsmore who was a USIA officer, but was consul at the American Consulate in Kirkuk which we opened and closed in the course of about 18 months. It became untenable and Lee then came back to Baghdad and kind of became my mentor for my first tour, a very fine guy. Bob Munn, M-U-N-N was the junior officer in the political

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section and I was the junior officer in the economic section and Bob had had an earlier tour, had taken Arabic, he was here and had spent some years in the military shortly after the Second World War and had quite a variety of experiences including having taken Arabic at the Defense Language School at Monterrey CA and Bob's Arabic was good. Lee Dinsmore's was terrific. Lee also spoke Kurdish, one of only two officers in the Service that I've ever met who spoke Kurdish, the other being Bill Eagleton. So, I learned a lot from them and watched them. Well, you asked earlier whether or not I was married and I said no. When I came into the Service and when I went to Baghdad, but shortly before leaving Washington actually I'd already gotten my assignment I met the woman who was to become my wife and that I think I left about six weeks later and we were married by proxy.

*Q: What was her background?*

PLACKE: She comes from Northampton, Massachusetts which is among other things the home of the Smith College where she went to college and was in Washington teaching at an elementary school in Bethesda or in Chevy Chase actually. In fact it was Chevy Chase Elementary.

*Q: How did you meet her?*

PLACKE: Through a very nice man and his wife. He was, I came into the Service with no language background and one of the requirements was to take a so-called real language course and the one I chose was German. I'm not quite sure why.

*Q: Well, you were working on Germany I suppose.*

PLACKE: Yes, I think that was, I had an interest in Germany and thought I might like to have a tour there at some point, so I selected German and went through four months of intensive German language training. Another member in the class was a much older man, he had been, when I came into the Service I was 23 and he was probably 30 years

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older. He was a Department of Commerce employee and was going out to Frankfurt as a commercial officer. We got along well and he and his wife invited me and my future wife to supper one Sunday evening for the purpose of introducing us and it took.

*Q: Describe as you saw, your first post and of course this had to be a fascinating post, I mean going out, what was your impression of Baghdad in 1958 when you arrived?*

PLACKE: It was a pretty exciting place. They were still dragging people to death in the streets when I got there. Not on every street corner, but it was, there were violent demonstrations, politics were wide open, Brigadier Abd al-Karim Qasim was an Arab nationalist and he was also a madman, but that's another story. The tensions were between various strains of Arab nationalism Baathists versus essentially the communists and there were no avowed monarchists. There were people who were sympathetic to the monarchy and would like to have seen it restored, but they pretty much kept that to themselves. It was not a popular thing in those days. There were so-called, there were peoples court presided over by a senior judge who was a military officer. It was a kangaroo court if there ever was one. All the proceedings were in the evening televised and essentially it was drag the remnants of the old regime in and embarrass them and aggravate them and sometimes also send them off to be executed. So, it was not a joke. There was a kind of a militia called the Popular Resistance Forces, the PRF, which took it upon themselves to police the largest city, which was Baghdad. There was a curfew during much of the time I was there certainly the first year or more. Ten o'clock was the curfew and this was enforced by the PRF who were essentially young men in their 20s, about my age at the time on every street corner or almost every street corner. Generally they didn't have weapons. They had baseball bats and that sort of thing. I would occasionally run the blockades and never really had any bad effects or result. There wasn't a heck of a lot they could do about it. They didn't have automobiles, but you didn't want to push this too far because the consequences could be serious. There was another young officer in the same Foreign Service class who had come to Baghdad at the same time and we came out to the post together who was a bachelor still and lived on the same street. One night

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he was at our house and we were talking and it got to be close to 10:00 and I suggested that he really ought to consider going home because he was going to end up violating the curfew. John didn't see it that way, so about 10:15 or so he left and within five minutes he was back at our door in the custody of - everything was army in those days - a young army officer and he spoke only Arabic and John...

*Q: This is John who?*

PLACKE: John Wolff was his name. He had borrowed a frying pan from us, which was a new frying pan and the military officer thought that this guy had stolen property. That was what attracted attention and what got him into trouble. So, I turned to Lee Dinsmore who was also living not too far away and he was a great Arabist and Lee explained the whole thing satisfactorily in such a way that everybody ended up friends and shook hands all around and John went home and didn't violate the curfew anymore. It was not a joke. I had guns pointed at me from time to time.

*Q: When you arrived obviously you'd be asking the other officers at the Embassy what the hell is going on, I mean, what were you getting from them about customs, about what the revolution was all about and what American concerns were?*

PLACKE: Well, remember this was in the midst of the Cold War - actually in the relatively early days of the Cold War - and that was the background. Iraq had been the headquarters of the Baghdad pact. The Iraqis closed the Pact building as soon as the revolution occurred. It and took them months to get into all the safes and vaults open and so forth, but they eventually did and got hold of all the documents and a lot of it confirmed their worst beliefs and so on. That only added fuel to the flames. It was pretty anti-American, anti-Western environment, specifically anti-American, and anti-British as well. We and the British were not terribly differently regarded. The British perhaps disliked more because of their much more active role in the Iraqi history. That environment continued in various ways while I was there. As far as what was going on was concerned, nobody really knew.

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That was the big problem. We didn't have, we had very limited access to the regime and all of that was channeled through the Foreign Ministry. The Foreign Ministry was essentially just a watchdog, gate keeper to the folks who mattered. In the two and a half years that I was there, and Ambassador Jernegan was ambassador during that entire period, he probably met with Qasim three maybe four times at the most. I can only remember two, but I think that probably three or four, so very limited access to the top.

*Q: Well, how were we evaluating Qasim, the influence of Nasser?*

PLACKE: Well, Qasim made no bones about it. This was a Nasserite revolution and very much followed a Nasserist line and then broke with Nasser because the Egyptian attitude was very patronizing and paternal and in fact they wanted to take over the Iraq revolution. Well, Qasim wasn't going to have that, nor the officers around him who had staged it. Then in May of '58 or '59 rather, on May Day there was a communist parade in Baghdad, which was really scary. It was their victory celebration. They were much better organized than any of the other nationalist parties and were getting support from Moscow we believed. We didn't know much about it. They felt that they had turned the corner and they were going to take over the revolution and they staged this enormous demonstration in Baghdad. It scared not only all the foreign observers, but scared the hell out of Abd al-Karim as well. He turned against the communists.

*Q: Abd al-Karim being?*

PLACKE: Abd al-Karim being Qasim. He, sorry, he had given them a great deal of leeway and really had been quite sympathetic. In fact I think at that point our assessment was that he was, if not a communist, he was being duped and by them and had taken over. That really was the way it had been going and then he turned against them and went back and the Nasserite Arab nationalist direction and a lot of them were killed, there were massacres going on all over. There had been a shootout in the north in the Mosul area between the communists and the Turkmen. There were hundreds of people killed. That

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was about the time I got there and the May Day demonstration, a reversal of policy. Our stock rose a little bit as a consequence and the Russians and the Chinese as well as obviously identified with and supported the local communist party. So, that was something of a setback. The politics between the United States and the region in general, and certainly Iraq after the revolution, really were all in a Cold War context and I figured out after a while that what Washington was interested in, Washington was interested in the Cold War. Washington was not interested in a lot of other things, but it was interested in that. So, I kind of developed a specialty and what the communist bloc, as it was known in those days and for some decades after, was doing on the economic side. There would be these periodic announcements the Poles were going to build this kind of factory and the Czechs were going to do that and the Yugoslavs are having a trade exhibition and I tracked all these things and began to see some patterns which I focused on and reported. That was the topic of the day.

*Q: Well, your job was what?*

PLACKE: I was the junior officer in the economic section, I think there were four officers. [Editor's Note: in October 1960 according to the Foreign Service List the economic section consisted of William Bray as Counselor, Holsey Handyside, William Roessner and Placke.] I wrote the weekly economic digest for the section, which turned out to be our main reporting vehicle. Telegrams were done very sparingly in those days. They were sent by a local telegraph system, which was not totally reliable, either. There was manual encryption and we carried this document down to the telegraph office and hopefully they'd sent it.

*Q: Well, reporting the economics of Iraq must have been sort of reporting on a disaster.*

PLACKE: Well, it was very interesting. Ibrahim Kubba, was the economics minister and he was not a communist, but in many ways he might as well have been. He bought the socialist approach and, of course, the rest of the world did learn in the ensuing 30 years or so basically it doesn't work and it didn't work any better in Iraq than it did anywhere else.

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Iraq had a number of unique institutions on the economic side and it would take longer than it's worth to go into describing them, but they had been promoting development in a positive way. There was concrete evidence of it in the improvement of the standard of living. All of that was undone. All of that came to a screeching halt. Agriculture went down the tubes and industry ground to a halt. Foreign exchange dried up and everything was nationalized. They tried to collectivization of agriculture to some extent, which was not in the Iraqi tradition and didn't succeed of course. These projects that the Eastern Europeans would announce from time to time, many have never materialized at all. Some did and are still there as monuments to folly, and you can see all of this coming on. It was really quite interesting.

*Q: Because if I recall, just about this time, W.E. Rostow published his book *The Stages of Economic Growth: A Non-Communist Manifesto* (1960) which became very influential on the stages of, I mean some economies were at the takeoff stage and I remember Iraq being pointed to it saying they had a small population, it was highly literate, it had water, it had oil, it had everything to do it and it was going to be the dynamo in the Middle East and then the revolution came and whammo. I mean, that was...*

PLACKE: If you talk to an Iraqi government official at any ministry that has anything to do with the economy and commerce or finance or petroleum for sure today, they will tell you the same thing. I think they all must have memorized Rostow. We have an educated population, land and water and minerals and soil and all this. My response is, yes and you have carefully preserved it for 30 years and then nothing with it. Of course under the present management, Saddam Hussein, the country has hurtled backwards.

*Q: Well, how did we view the Ba'ath party there? I never quite understood what the Ba'ath party was all about.*

PLACKE: The Ba'ath party was started by Michelle Aflaq who was a Syrian Christian and actually he only died in Baghdad about five or six years ago. It was begun, it's roots go

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back to the 1920s, post the First World War and there was a lot of ferment in the region and the Ba'ath was nationalist, Arabist, in the sense of Arab identity it was one of the elements and it had this ideology that was very pan Arab. There was one Arab nation historically and it was the European colonialists who came in and split us all up and we need to get back to having one nation and that's the natural state of the Arab world and it's the right thing and we will all be better off. It was started as I mentioned by a Christian because in the larger Arab nation if you accept this ideology, Christians are a very small minority. I don't know what the percentage is, but I would say less than 10% perhaps only 4% or 5%. Out of this great much larger mass of Muslim Arabs and this was one way for religious minorities to achieve a certain at least quality in political theory and that was an element of what got the whole thing going. There were Ba'ath organizations widely throughout the Arab world. There is an Egyptian Ba'ath which Nasser and the three officers of course grabbed up and put down as soon as possible because they didn't want a rival Arab nationalist organizations. But in Syria and Iraq the Baathists came to power eventually. There were a series of coups between the '58 revolution and the '68 coups when Ahmad Hassan al-Bakr who was an army officer supported by Saddam Hussein who was the chief security enforcer of that time came to power and Saddam gradually eased the army out and put himself in the center of things where he has ruled potentially ever since. He effectively took over by 1975 and is still there.

*Q: Well, how were our relations at this time, this '58 to '61 period with its neighbor Syria which had a Ba'ath party, Jordan and Iran, Turkey and Saudi Arabia?*

PLACKE: Bad relations all around. Not much has changed. When I got there the Iranians and the Iraqis were shooting at each other over a maritime access issue that is still unresolved. It's where the Tigris and Euphrates join which is some 30 miles or so above the Arabian Gulf and forms one very large river called the Shatt al-Arab in Arabic. The Iranians have another name for it [Editor's Note: Arvand Rud]. The British, the Iraqis always blame the British, they had determined that the boundary would be according to the thalweg principle which follows the deepest part of the river but the Iraqis wanted a

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mean low tide line on the Iranian side of the river which gave the Iraqis essentially the river. So, they decided they would give themselves the benefit and the Iranians never accepted this and at that time they were shooting at each other with rifles and did a whole lot of harm, but it went on. It was low level hostilities, very low level for a long time until actually 1975 when under considerable stress a lot of isolation and just a situation where Iraq was no match for Iran under the Shah with almost open ended American support, Iraq felt it had no choice but to accept the median line in the center of the river, the line being on the much closer to the Iranian side. Who signed that agreement on behalf of Iraq: Vice President Saddam Hussein? He's been trying to rectify that in various ways ever since and hence the Iran Iraq War. So, they had bad relations with Iran.

We had very tense relations with Saudi Arabia, which was, and still is a monarchy made very uncomfortable by these Arab nationalist states. They kept springing up in Egypt, Iraq. The Egyptians were very vociferous critics of Saudi Arabia. They launched a war in Yemen where the Saudis and Egyptians were supporting the opposing factions. Iraq and Turkey have never had a cooperative relationship. Iraq was of course part of the Ottoman Empire, but even at the time I was there, there were people who still remembered the Ottoman Empire. We had a local employee in the economic section who did. Syria and Iraq as you pointed out are two Baathist ruled states. Essentially they are just dictatorships with a patina of political theory that tries to justify what goes on. That's increasingly been dropped in both cases, but the theory of Baathism is this pan Arab, one Arab nation idea. They talk about a national command and what that means is for the entire Arab nation. The regional commands in effect are with the modern states. So, there is a regional command for Iraq and there is a regional command for Syria and in theory a regional command for every other Arab state, but those are the only two that really matters and increasingly it doesn't matter as time has gone on. So, there were antagonisms, rivalries, some had historic roots and some are grounded in post-Second World War political views.

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*Q: Well, I guess today is either the tenth anniversary or next to it of the Iraqi invasion of Kuwait that precipitated the...*

PLACKE: Actually it is August 2nd.

*Q: August 2nd, well, we're damn close.*

PLACKE: We're close.

*Q: What about, how were our relations with Kuwait at that time?*

PLACKE: An interesting question. You have picked out a lot of good questions. Kuwait had been a British protectorate as well from roughly the beginning of the 20th century, I think it was 1898 the basic agreement was signed until 1961 when the British began the process of ultimately removed themselves from the Gulf as a substantial military presence or security presence. The first state to achieve complete independence was Kuwait and essentially it had run its own affairs except for security and to some extent foreign affairs, so the British had a ceremony and Kuwait had a constitution and the Sabah family was to be the royal family, but the results there would be a parliament and so on. I remember the Iraqi tanks being loaded on flatcars to go south to liberate the lost province. So, the attitudes of Iraqis toward Kuwait that underpinned the Iraqi invasion and occupation in 1990 had been there for a long time and they're still there. I don't think the Iraqis have changed their mind one bit.

*Q: Well, there was a period where the Iraqis threatened Kuwait and the British landed forces. Was that?*

PLACKE: Well, that was 1961. The British declared Kuwait totally independent and responsible for its own security and so forth and Kuwait joined every international organization it could. They joined GATT. They may have been the first Arab state to join GATT because it was an international organization and they felt each of these things

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gave them a little bit more assurance of their continued political independence, but they too knew what Iraq attitudes were like. Baghdad declared that Kuwait had always been a province of Iraq and it had been the machinations of the British that had separated the two, that had separated this province and now was the time to reestablish rightful Iraqi control. They were loading tanks to go south and reclaim the lost province. The British turned around and sent a battalion of paratroops back which was all it took in those days at best. The Iraqis never crossed the border and the blustering went on and nothing happened and probably its finest moment was the Arab League at that point. The British needed to hand this off to somebody. The whole Arab world environment was so anti-Western and particularly so toward the United States and Britain that it was not tenable for them to maintain that kind of military presence - politically tenable - militarily, of course, they could have done it. So, they turned the problem over to the Arab League, which formed an Arab protection force under a Sudanese commander and pulled it off [Editor's Note: The Arab League force was composed of contingents from the UAR, Saudi Arabia, Jordan, and Sudan and began arriving in Kuwait on 10 September 1961. British troops departed by October 1961]. Iraq and Kuwait I think about two weeks later signed a formal declaration with Iraq recognizing Kuwait's independence and so on. That was all done under the Arab League auspices. That was the best thing the organization has ever done.

*Q: You know, I'm sure if you sat around at the Embassy and say the Iraqi leadership was seen as...?*

PLACKE: Initially as a communist stooge. Then as a kind of communist Arab nationalist madman.

*Q: What sort of prompted the madman label?*

PLACKE: There was some pretty bizarre behavior. There was an assassination attempt of Abd al-Karim Qasim that was in September of 1959 about six months after I had arrived there. My wife had arrived only a week or so before. I was downtown getting something

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from the meat market and I heard this roar and recognized that it was an Iraqi mob, which I'd heard and seen before, so I got in my Volkswagen and went home and turned on the radio and realized what had happened. There had been an assassination attempt on Qasim, who was Prime Minister and Minister of Defense. The Ministry of Defense in those days was about midway up the main shopping street and he'd come out of his - he lived in the ministry compound for security reasons because the place was just a mass of intrigue. He'd come out in his car with an accompanying escort and had been attacked with light machine gun fire. His car was destroyed, several of the guards were killed and he was badly injured. He kept the uniform that he was wearing at the time, blood stains and all, in a glass display case for the rest of his tenure right outside his office in the Ministry of Defense as an illustration that he was, I guess, God's chosen one and this was just evidence that he was not going to be easily put away. He was highly unpredictable. He gave extremely rabid speeches of attacking sort of everybody on every hand except the Russians. After the May communist demonstration when the government moved against the communists, he even toned down and he even said some critical things about the Russians. It was clear that he was in a process of alienating everybody and eventually of course it did him in. I only saw him about twice personally, but he had a look particularly in his eyes that was not normal. His conduct I think overall would classify it probably as paranormal. The hit squad that carried out the assassination attempt was Baathist and one of the assassins was Saddam Hussein, who at that point we'd never heard of. The Ba'ath Party was and is a highly secretive, very tightly structured organization.

*Q: Well, you know, during the Gulf War when we had a lot of our retired colleagues, Foreign Service Officers and academics and all pontificating on the television on the interview talk shows or something in the background, prior to that I've heard this again and again, they all come up and say watch out for the Arab mob. But the only place where really a real Arab mob has been seen is in Baghdad. Were you all trying to figure out why the Iraqis or the Baghdadis were so violence prone, because they really did what people worried about?*

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PLACKE: No, I think I'd have to take a little different view. I agree with your introductory comment that this is something that lingers in the memories of people like myself and a few years younger even, but there weren't mobs in the '50s and '60s just in Baghdad, they were in Cairo and Damascus, Sana'a, Amman. If you remember there was a shootout between the PLO and the Jordan Army.

*Q: It was black September, 1970 I believe?*

PLACKE: '73. This phenomenon is not confined to Iraq, but I think what one would have to say that probably since, well you've also got the Lebanese civil war drag on and on, it's somewhat different, but it's an expression, it's a violent expression of political dissent. That had a great deal of legitimacy through the '50s and '60s and maybe into the '70s. It has seemed to have faded, but one can never tell on that and there continue to be demonstrations in Baghdad from time to time. These are all carefully orchestrated and it is tightly controlled by the government. Nothing happens by accident, but there is a spontaneous spontaneity that I have seen, for example in the May 1st communist victory parade in Baghdad in 1959. There was a mob mentality very definitely.

*Q: Well, you say you heard the mob, I mean, I take it while you were there, "the mob" was something that one kept a eye out for, something that was floating around and could be really scary?*

PLACKE: Well, John Gatch, who was a political officer in Baghdad during the first half of my tour there, was on his second tour in Iraq. He had been there in 1948 at the time of the creation of Israel and told me once what he observed about a way the Iraqis, and remember this was under the monarchy which had with whatever degree of reluctance or had at least not taken any active opposition to Israel, at least in the sense of threatening Israel. Or if Iraq did participate in the '48 war and its units probably were the most affected. But on the streets there was one occasion, according to John, when a mob that was crossing the river that divides Baghdad from the eastern side to the west where the royal

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palace is located, was intent apparently of carrying out quite a vigorous demonstration against Israel and for more continued prosecution of the war and that sort of thing. The Iraqi military were under orders to stop them and they set up machine gun positions in the middle of the bridge and shot them down.

*Q: Did you sort of have...*

PLACKE: My point being, this goes back a ways.

*Q: Yes, well, you know, having any family there, I mean, not just you, but the rest of the Embassy, was there concern that all of a sudden they might come running into our Embassy apartments, or that sort of thing?*

PLACKE: Yes, it was on everybody's mind to varying degrees. As time went on, it seemed to be less and less likely because the Iraqis became more absorbed in their internal dissent and confrontations and less oriented toward ourselves and the British. At the time of the revolution in '58 the British embassy was sacked. I don't recall if any British citizens or British subjects were killed. There were the three Americans that you referred to who were businessmen.

*Q: You might tell what happened to them because it became something that is very well known.*

PLACKE: Yes, it became quite a cause at the time. These were three American businessmen. There was a great deal of involvement of American engineering firms in particular because Iraq was building things. They were building roads, bridges, dams, hydro plants, building up their oil industry and so on. So, there was a lot going on and a lot of business to be done. They were in the Baghdad Hotel, which was the newest and best hotel in Iraq at the time, and when the revolution happened it was absolute chaos. Nobody knew what was going on. The streets were full of violent mobs and at one point the mobs broke into hotels and carried off foreigners and at one point they went into the Baghdad

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Hotel and went from room to room and pulled these three Americans out and dragged them to death.

*Q: What was sort of plan were made if the mob turned on the American Embassy at the time, do you recall?*

PLACKE: Do the best you can. When I got there we were located in an embassy on the east side of the river which has been the site of the American Embassy certainly since the Second World War or just before that probably since the 1930s. It was pretty old and not a very good building. It was designed to represent the White House. It was called the White House and it had a facade that sort of vaguely resembled the White House, but the ambassador's residence was on the compound, but that was the only one. I think also the administrative officer, but virtually everybody else lived off scattered around the city. Generally not too far from the Embassy. There were a number in the same neighborhood where we lived, but there were people scattered all over. So, there wasn't a principal point. We knew some of our Iraqi neighbors and had good relationships with them. We visited them, they visited us. That was where I think we took comfort where you knew the people around you, there wasn't any reason for an Iraqi mob to come down Third Street and come to my house. So, it was anonymity basically was your first line of defense. To go into the embassy compound and try to defend it would have been really impractical. The economic section itself was located in a little house converted into an office building outside the chancery compound across the street, totally indefensible. When to my great dismay, when I arrived there and went to the Embassy for the very first time, it was full of Iraqi guards - Iraqi army guards inside the compound hanging their laundry on the bushes, doing what guards do. We eventually got them off, but it took a long time.

*Q: Did we have a consulate in Basra at the time?*

PLACKE: Yes, we did and it's still there. I visited; I saw it, I guess I should say, again, during the Iran-Iraq War, toward the end of the war, probably about 1987. It was a fairly

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new place. It was a brand new building, quite nice, good design and very compact. It was a two-officer post and both of the officers lived in this little compound. It had modern facilities in the sense that it had central air conditioning, which was very advanced at that time. In Baghdad we had so-called desert coolers which are these wind machines which have pads on the sides that dripped water down the pads because it was extremely dry and the water evaporates and cools the air and actually they work pretty well. I mean it puts some humidity in the air, which is a good thing. In Basra, which is Iraq's main port and the second largest city, you've got plenty of humidity there, you don't want anymore. Central air conditioning was a great luxury. The junior officer, one of his main tasks in fact was to keep the air conditioners running.

*Q: Who was there at the time?*

PLACKE: Bob Paganelli was the junior officer and Bob's last Foreign Service assignment was as ambassador to Syria. A fine guy. We saw them again in Beirut when I took Arabic language in the mid '60s. Both he and his wife are very nice people.

*Q: Donna, yes.*

PLACKE: Yes.

*Q: As economic officer were you able to go and visit economic enterprises and all?*

PLACKE: Yes, I could get around much better than the political officers because I had a reason to gain access. Iraqi Airways, for example, which was flying Vickers Viking 1B twin engines turbo props, was interested in buying more modern aircraft and so American aircraft manufacturers were out there fairly regularly. No American at least could get into the country unless somebody in the country made the arrangements and got the visas. The Iraqis issued visas which were then actually stamped in there passport upon arrival. So these guys all looked to me to do this and I spent a lot of my time just hustling visas. But it was interesting because I'd go up to the security office, not too far from the Foreign

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Ministry and it would take me about half a day to get them to sign a little piece of paper which I would then take to the Foreign Ministry which would then authorized the issuance of visas, but it was the security officer who was the key. I got well acquainted with the colonel who was the head of the office and we got along fine and actually as time went by, I had to wait less and less.

I could travel a little bit around the country and go to industrial plants and one thing or another because the oil industry was the foundation of the economy, just as it continues to be. The economic counselor John Miles kept that pretty much as his bailiwick and he dealt with the head of Iraq Petroleum, which is a consortium of Western companies dominated by what was then British Petroleum. John included me to an extent and this is not a criticism if I've been doing it the right way, but I could go over to IPC headquarters and get around a little bit, go through the door outside Baghdad.

*Q: Did you get any feel for the British? When I was in Dhahran we covered Bahrain and Qatar and there and the Brits had a different approach than Aramco, which was much more accommodating than the Brits at that time. They thought that Americans were selling their rights down the river. I mean it was too much sharing and too much bringing Arabs in to do the jobs and all that. Did you run across this sort of split between the American and British approach there?*

PLACKE: It was a very different approach. It was post-colonial, well, not post maybe, it was colonial.

*Q: It was colonial in a post- atmosphere.*

PLACKE: Yes, and they hadn't really understood and probably they understood not quite all, but they did not understand, the guys on the scene did not understand that that era was over. Yes, there was very definite different attitude and by and large wherever you were, whether it was Saudi Arabia or even Iraq, the local population preferred the Americans. There was a book written by the permanent undersecretary of the foreign

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office, senior career official who had been in Baghdad at least once, maybe twice, I think twice, and had completed an assignment there not too long before the revolution and in his book he talks about the British perspective on these things. Even at the time he wrote the book in the 1980s that tension between American and British aspirations and the British - well, it was all done with reasonable politeness and a certain amount of circumspection - it was pretty clear that they regarded the United States as a competitor and treated us accordingly. They essentially kept Americans out of the lower...

*Q: Yes, we're going to stop very shortly. We were still developing the theme of the British and the Americans referring to the oil business and the American approach particularly to Aramco which was much more allowing it to be Arabized and all that and the British were still really in terms of colonial and all, the white man's version of running the oil business.*

PLACKE: White man's privilege.

*Q: Jim, you were in Iraq from when to when?*

PLACKE: From April '59 to October '61.

*Q: Well, we've talked really about the British in the oil business. What were you observing of the young Iraqis?*

PLACKE: We didn't really have much contact with them. This was of course only a short time after the revolution had overthrown the monarchy. During all the time I was there security was heavy and omnipresent. There was a great deal of suspicion, even to some extent hostility toward the U.S. and the UK, particularly the UK having been a former colonial power and the U.S. because of its identification with CENTO [Central Treaty organization also called the Baghdad Pact] and one of the charges against the old regime is that they basically had sold out the country's interest to CENTO and the Iraqis withdrew from CENTO about six months after the revolution {Editor's Note: Iraq withdrew in March 1959}. They stopped participating.

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In any event, there wasn't much contact with the younger Iraqis. The USIA [United States Information Agency], about a year or so after the revolution - as soon as it could, restarted an English language-training program, which was just enormously successful. So successful in fact that they really were just overwhelmed and there was still great interest among young Iraqis in going to the United States for education. The U.S. was regarded as the technological leader of the world. The Iraqi government controlled press and the government spokesmen in general tried to persuade everybody that it was really the Soviet Union, but nobody bought that. In fact, nobody bought hardly anything that the government said.

*Q: We may have discussed this the last time I can't remember, but what was there about the Soviet Union that attracted the leadership in Iraq? Was it just because it wasn't British?*

PLACKE: Yes, essentially, you know, this was in the depths of the Cold War. It was a bipolar world and you tend to I think both sides looked at it pretty much as a zero sum game and so Iraq's loss to the West was the Soviet Union's gain and in the same zero sum framework I think countries looked at it that way. If you're going to line up on this side of the fence rather than that side of the fence and then the propaganda mill went to work and that was the way it went. Russian military equipment was quickly purchased and absorbed into the Iraqi military and is still to this day largely Russian equipment. That was the path they chose to follow. It was very much a political decision not based on certainly nothing to do with economics.

*Q: Did you get any feel for the division of Iraq into any reflection of when you look at Iraq they divided into the Arabs, the Kurds and various types of groups within Iraq and all?*

PLACKE: Well, the Kurds are a distinct group. The Kurds have their own language. They have a long history in their own traditions. In Iraq they have been substantially Arabized, but nonetheless they seek to and generally are able to maintain a distinct identify. Kurds were not as far as I could observe discriminated against particularly. There were Kurds in

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the government, a lot of Kurds in Baghdad. Some were local employees at the Embassy and seemed to get along fine with the Arab employees. I think a lot more has been made of those internal divisions particularly by the current Iraqi opposition as a way to sell the notion politically in the United States, particularly to the Congress that this country is just ripe for internal dissent and revolution and so on, which I think is basically nonsense.

*Q: All right, well then in '61 whither?*

PLACKE: '61, I went to Frankfurt. I entered the Foreign Service without any foreign language. I had never studied a foreign language and kind of willy nilly I chose German as the language that I would pursue and took four months of German language training following the A-100 course here at FSI and continued to study German at the Goethe Institut in Baghdad and went to Beirut for language testing. One of the linguists at the Beirut language school was a German speaker and was able then to legitimately administer the test and fortunately I passed it. I got my 3/3 in German [Editor's Note: 3/3 means on a scale with 5 as "native speaker" he scored 3 in speaking and 3 in reading comprehension], so I sought a German speaking post for my next assignment and was assigned to Frankfurt. I thought this was really great. As we left Baghdad which had been an extraordinarily interesting assignment at a very critical time in Iraqi affairs and indeed Arab affairs more generally and it introduced me to a whole lot of things about the Middle East which has served in good stead all these years, but when we left I felt well that was really interesting and glad I did it and thank God I'm never going to see it again.

I had no inclination to become a Middle East specialist until I got to Frankfurt. I was assigned to the single junior political officer spot which I learned later everybody was assigned when sent to Frankfurt but in fact, everybody went into the consular section. There was such a slot, but it was kind of a reward for having done a good job for a year or so in the course of your assignment. It was the plum regarded at least as the plum spot for junior officers in the consulate general. The consulate general at the time issued more immigration visas than any other Foreign Service post mainly to brides of American

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service personnel and so I became a visa officer and in fact worked through all the greatest visa jobs. After being there for about six weeks I realized that I had had more responsibility as a first tour officer in Baghdad than I would have for another ten years in Europe at any of the larger European posts and initiated an application for language training at FSI in Arabic. So, I concluded quickly that I had made a wrong assessment when I left Baghdad.

*Q: Well, let's talk a little. You were in Frankfurt from when to when?*

PLACKE: We went out there in January of '62 and left in July of '63 so it was a relatively short tour.

*Q: Who was consul general when you were there?*

PLACKE: The consul general was Edmund J. Dorsz. The Ambassador was Walter Dowling. In those days there was still some trappings left over from the occupation. The Ambassador had his own train for example. Theoretically to come and go from Berlin, but actually he always went by air, had been wise to travel by train. Probably the only interesting thing to comment on out of that tour was that I did polish my German. Actually it became pretty good and I did visa interviews in German. There were two parts to the consular section, the nationality section (now called Citizens' Services) where we issued passports, reports of birth and so forth; and the visa section where we did immigrant and visitors visas. There was a slot called the visa security officer, which in fact interviewed potential political refugees or asylum, those seeking political asylum in the United States, and I was sort of the first line of defense in a sense. I did the initial interviews and wrote up probably about a half a dozen cases about one a month I guess. They were always complicated and always had some very complex history behind them, very low rate of acceptance, but I think I did get one of my cases accepted which was something of distinction. That was interesting talking to Hungarians and Poles.

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*Q: I was a, I started out in '55 to '58 as a, first as a refugee relief officer and one of the things that you certainly learned if you dealt with visas and particularly in that time in that part of the world were the complexities of World War Two and the vast residue of people who were left there who came from all over, the Eurasian thing, and they all brought their problems and everything else with them. The security people of course really were challenged.*

PLACKE: Yes, born in places that had changed allegiance and parts of Germany which were now Poland, parts of Poland that were now Russia, very complex. Germans born in Czechoslovakia.

*Q: So they really didn't keep you for the full time there did they?*

PLACKE: No and I don't recall precisely, well I guess it was to begin the process of winding me up for Arabic language training which was a 21 months commitment and I came back to the Department in July of '63 and went into the Operations Center in the Office of the Secretary. It was a fairly new operation at that point. It was established I think in the early months of the Kennedy administration when the president had called the State Department on the weekend and there was nobody to answer the phone. In those days, and I guess to this very day in areas such as this, the State Department would try to emulate the Defense Department which had the National Military Command Center (NMCC) 24 hour operation and the operations center was set up by Hugh Auchincloss, I believe. I got there about six or eight months after it had been organized. It was an interesting job. It was a 24-hour watch. Three eight hour segments over six days and, well you did two watches consecutively in the same time period, you worked through the 24 hour period over the course of six days. Not much fun in that regard, but it was an interesting job and I enjoyed it. I was there for a year and then went into Arabic language training.

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*Q: Well, while you were at the operations center, you were there for the Kennedy assassination. How did that get to you?*

PLACKE: Yes, that's correct. It just of course floored everybody. I, like I think everyone else who was an adult on that day, remember of course exactly where I was. We were still fairly newly married and we had one child in Baghdad and another was born here in Washington, our son, Stephen and we were in the stage where we were acquiring goods. So, I had been on the midwatch and had gotten home about 1:30AM or so in the morning and slept late. I got up and my wife and my children went down to a furniture store and in the background there was a television. It finally penetrated that this was reporting on this horrible event in Dallas. It happened on my "weekend", we were off for three days, or two and a half days essentially, so I didn't get back into the Operations Center until the immediate events were already passed. Johnson was already sworn in as president and so on. I can remember well being in the Operations Center at the time of the funeral and watching it on television. I think for everybody, certainly in the State Department, certainly in the Operations Center, one of the events of the week were Kennedy news conferences. They were just so interesting and indeed entertaining to watch that we always turned on the TV and watched the news conferences which came in the middle of the work day of course, but it was just fascinating and often gave you clues as to where the administration was actually going. All that of course came to an end and the Johnson administration was a very different pattern from what we had experienced previously. Then my tour ended about four or five months later and in August 1964 I went off to Arabic language training initially at FSI here in Washington for six months which was I'm afraid to say largely a waste and then to FSI Beirut where I actually...

*Q: What was the problem with what you got here at FSI?*

PLACKE: The instructor really wasn't very good. You were not in an Arab speaking environment and that made a big difference even though you didn't, you know, at least probably for the first year you didn't try to use, I didn't at least, try to use my Arabic

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casually in the course of normal living. Eventually it got to the point you had enough confidence and enough knowledge to do that, but just being around it did really seem to make a difference. Of course we were able to attract very qualified and dedicated instructors at FSI in Beirut. There were a couple of Lebanese, but mostly Palestinians.

*Q: You were in FSI Beirut from when to when?*

PLACKE: Let's see, we arrived there in March of '65 and I left in June of '66.

*Q: Who was with you in your class?*

PLACKE: Edward Djerejian. Ed and I went through the entire 21 months of language training together. Ed, of course, has had a distinguished career since, was Ambassador to Syria and Israel which was certainly unusual and also Assistant Secretary for Near Eastern Affairs. Ed's a great guy and we got along very well. Unfortunately when I entered the Foreign Service, everyone was given and I think they still are, a language aptitude test.

*Q: M-L-A-T. Modern Language Aptitude Test.*

PLACKE: Right. My score, I don't remember what the numerical score it was, but it was a couple of points below the cutoff for hard language training and I proved that they were right. I was not a good candidate for hard language training. I really struggled with Arabic. It was the hardest, I think it was the hardest thing I've ever done in my life professionally. Ed on the other hand was a whiz at language. Of course, he already spoke French, Armenian and English before he even tackled Arabic and he just rolled through that and I kept plodding along at a much slower pace. Nonetheless we got along very well and still do.

*Q: Any others in your class?*

PLACKE: The three of us that started in March 1965 were Ed, Coradino Gatti and myself.

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*Q: While you were in the class, particularly Beirut, were you picking up anything from your teachers and all about the Arabic world?*

PLACKE: Oh yes. It was, language training particularly for someone like myself who is not very adept at it, is fairly taxing and demanding. It takes a lot of concentration. So, I think you just mentally have to take a pause every now and then and the pause was always some discussion about current events, Arab political views and inevitably Middle Eastern issues, usually, very critical, or somewhat critical of U.S. policy positions. A lot of talk about what they had done earlier in their lives, how it was when they were growing up. So, yes, it absorbed a good bit about contemporary Arab society.

*Q: Did you get to make a trip?*

PLACKE: Yes. That was built into the program and Ed Djerejian and Coradino Gatti who retired many years ago - quite a long time before I did - and I went to Egypt and it was great, a great trip, wandered around and visited various agriculture development facilities. They would have somebody come and explain the whole thing to us in Arabic of course. It was, it served a useful educational purpose to get you out into the real world and talk to live people and we were using different vocabulary from what we would encounter at FSI in textbooks. We went up to S1, visited of course the antiquities, which were terrific. This was a period when things in Egypt were really at a very low point. It was of course, just before the '67 War. Egypt was isolated from the Western world, also ideologically lined up on the Soviet side so there was virtually no tourism. You could walk through the monuments that today you have to stand in line and sort of shuffle through with a crowd of hundreds. There was nobody there. It was bad for Egypt, but it was great for us.

We went up to the Aswan high dam, which was then under construction by the Russians. This had been a great controversy. It was one of the things that the United States as a matter of policy opposed. Egypt was looking for international assistance to build the dam and regarded it as very important to economic development. The U.S. in fact

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demanded political quid pro quos which Egyptians were not prepared to provide and ultimately became a Russian showpiece project. I took pictures. I've got pictures of the foundations for the generating units, things that you wouldn't be allowed to do today let alone when a plant like that was under construction. Security was almost nonexistent. In fact I don't remember seeing anybody in the security role. Yes, so it was an interesting and worthwhile trip. Then I went back to Beirut, packed out shortly thereafter and went on to Kuwait.

*Q: While you were there, did you get any feel about Israel because this was going to be the sort of center of how everything else revolved?*

PLACKE: While I was in Baghdad, my wife and I made a trip to Jerusalem. Jerusalem was then under Jordanian control, which is the only time I've ever visited Jerusalem. The '67 War was the point at which Israel occupies the territories that it still holds today including east Jerusalem and so those were still in Arab hands at the time I was in language training. So, so much of what is the fundamentals of today's controversy hadn't yet occurred at that point. A very strong,...because our instructors were mostly Palestinian who had been refugees at one point or another and ended up as hundreds of thousands of Palestinians did, in Lebanon. They weren't hostile towards Israel. Their view was that they had paid a price for assuaging the Western conscience for what had occurred to the Jews during the Second World War and they regarded Europe primarily, not just Germany, but Europe overall and behind Europe the United States as the sort of sponsors of Israel and the state that had deprived them of their rights. In those days the talk still was reclaiming all of the territorial areas, that Israel should pass out of existence or the most tolerant, liberal point of view was that they should be a multiethnic, multireligious secular society in that area which was combining Palestinians and Israelis. Some Palestinians were prepared, but not too many to acknowledge that Israel did have historic basis for a presence in that region. The level of tensions and the level of resentment that we see today was not nearly then what it is now.

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*Q: Did you have any choice of where you were assigned?*

PLACKE: Well, of course, you're always given the post selection sheets and I went through that process. Coming out of 21 months of Arabic language training you need to go to an Arabic speaking assignment of course. I think I was seeking my first preference, which I believe was a post in Amman, Jordan, but we ended up going to Kuwait. When I came home with that news my wife was really dejected. Kuwait which is this obscure place that we had hardly ever heard of in those days and at the top of the Persian Gulf and a very inhospitable climate and all that. It was probably our most fun assignment actually.

*Q: So, you were in Kuwait from when to when?*

PLACKE: We got there in June I think of '66 and left in March of '69.

*Q: Was it an embassy at that time?*

PLACKE: Yes, Howard Cottam was Ambassador. Howard was there for six or seven years. Six years I believe. Howard was the first American Ambassador and he had been there for maybe three years [Editor's Note: Cottam arrived at post in October 1963] or so at the time I arrived. A very, very fine man and I learned a lot from him.

*Q: What was his background?*

PLACKE: He was not, he came into the Foreign Service in the Wriston program in the mid '50s from an AID development background and brought some of that approach to things with him, which was appropriate for Kuwait at the time because Kuwait was still a fairly, well I wouldn't say primitive. They had only recently come into serious oil wealth and were figuring out how to spend it and how do you use it to improve their standard of living and sort of general welfare. It produced a very peculiar state that nobody is entirely happy with. The government, not intentionally, but just in the nature of the way they handle things has ended up essentially owning everything. I saw some statistics recently where it's

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more than 90%, I think it's 96% of the Kuwaiti work force is employed by the government and of course only Kuwaitis work in the government above a certain level. There's over employment in the government. People don't have anything to do. A lot of people barely come into work at all and when they do it's chatting with their friends, reading the paper, having coffee, not a whole lot gets done because there really isn't much to do. In fact if the government would cut probably 10% of its present size it would be much more efficient and would operate better. So, they have developed the ultimate welfare state.

*Q: Well, at the time you were there, how was it?*

PLACKE: It was just getting started in going in that direction, there was a strong merchant orientation in the community because that had been the orientation historically. Kuwait was established in the mid 18th century by the losers of their tribal war in central Arabia. There were two main tribes with about 18 families that were the real, original Kuwaitis and they had written into law privileges for themselves. Even to this day it's only they that have to vote. You have to show them that you or your ancestors were in Kuwait as of I think 1923 or something like that in order to be able to vote. Of course, it's only males who vote. There was a movement in the Kuwait parliament last year to give women the vote, but it failed, eventually it will pass. Kuwaiti women are very independent, quite different from some other parts of the world.

*Q: What was your job?*

PLACKE: I was the economic officer. There was only one and we broadened it to two while I was there. The junior officer was then the commercial officer. A very active economic and commercial scene. Commercial activity is the focus not only of business of course, but really over a lot of what the government did and a lot of social activity and it was just the glue that held society together. In working daily with Kuwaiti merchants, with government officials in the economic related ministries, Kuwait is a very small place and it

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was possible to really get a grip on it, really understand what was going on and who was doing what to whom and why and it was a fascinating tour.

*Q: How did the oil companies that were there, were they foreign-owned at that time?*

PLACKE: Oh yes. This was still the old concession system collapsed, we'll get to that because I was sort of a witness to that in Libya, but it came in the old concession system ended in the early 1970s.

*Q: Well, but while you were there in Kuwait, how did the sort of the concessionaires work with the Kuwaiti government and all that?*

PLACKE: Well, in my earlier comments about sort of a British colonist attitude and the Iraq petroleum company that I observed in Baghdad, Kuwait oil company which was the concessionaire for the entire are of Kuwait was owned by jointly, 50/50 by BP and Gulf. Gulf, of course, was subsequently bought by Chevron, but at that time it was one of the seven sisters. So, it was a large integrated international oil company. It had gotten its concession in the 1930s. Oil was discovered just before the Second World War. The first exports were in 1946 immediately after the war and it had grown relatively rapidly, but not as rapidly as Aramco or the consortium in Iran. But it was producing a lot of income for a very small population.

The colonialist attitudes that I have mentioned with regard to Iraq were very much in evidence in Kuwait as well. In fact, a good Kuwaiti friend who is still a friend to this day, is one of the most prominent attorneys in Kuwait told me the story once of his father who had been a Kuwait Oil Company employee in the 1950s and '60s and he worked at Ahmadi which was a town which was the oil company headquarters which was about 30 miles from Kuwait and worked there during the week and come back on the weekends. He would come in on Thursday and go back on Friday night. One Thursday he didn't come home and by Friday his family was really very concerned and so my friend went to Ahmadi and made some inquiries and was told that, "Oh, there was an accident and he was killed."

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He said, "Well, where is his body?" "Oh, he's been buried." Just like that. We were in an office that was a quite new office tower in Kuwait behind which is an old cemetery and he pointed out the window. He said, "You know, he's buried out there somewhere, but I don't know where." This has some relevance today because Kuwait like most of the other countries that nationalized their industries in the early '70s including Saudi Arabia, realized that foreign technology and capital could do a lot for them. So, they're in the process of doing some of that or creating openings for foreign oil company investments to come back into the country and this is occurring in Kuwait at least the Kuwaitis, some Kuwaitis want to. Because of these kinds of memories and this I think is an example, it's not very popular and in fact has become a point of great political controversy. I was in Kuwait in April, this is now July and in part to make an assessment of how this was going and I've come to the conclusion it's not going to happen, not this time around.

*Q: Not opening up to...*

PLACKE: No, they're just not politically ready for it. They find the idea of having foreign oil companies present again, just abhorrent.

*Q: Well, now was there, talk about, I'm trying to keep you back into the '66 to '68 period, did the example of Aramco which figured as long as we get the oil and we can get trained people and we don't care what they are, I mean, there wasn't any of this white man's burden type of nonsense.*

PLACKE: Well, because I visited Aramco from Kuwait, Phil Griffin was at the consulate in Dhahran and covered Aramco, did the oil reporting for Saudi Arabia and also covered the rest of the Gulf. There was a petroleum officer as well in Tehran and the three of us got acquainted with each other and we visited each other's areas and it was very educational, an extremely good use of government money. I saw enough of Aramco then in the late '60s and then of course when I was DCM in Saudi Arabia in the '80s nearly 20 years later, saw a lot more first hand. And Aramco continued very much in that vein. Aramco had an

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intensive development program for its Saudi employees long before the government was leaning on them to do anything like that because they simply sought new interest. Not in Kuwait, it was we know best and we will tell you what to do and you just do what you're told and don't even try to think about it. Very paternalistic, very imperious, if not imperial attitude.

*Q: Well, did you find sort of the oil people sort of almost bypass the Kuwaiti government?*

PLACKE: Well, they couldn't because you know in the end it was their country.

*Q: At that time.*

PLACKE: So, they, there was a sort of an inevitable tension between the big foreign oil concessionaire, the Kuwait Oil Company and the Ministry of Finance and Oil which was always trying to find ways along with there rest of OPEC [Organization of the Petroleum Exporting Countries] to get the greater degree of the wealth, the biggest slice of the pie. OPEC by the way was created in September of 1960 while I was in Baghdad and I witnessed that event. It was kind of a non-event and remained pretty much of paper organization until the '73 Arab-Israel War and the oil embargo that followed. So, the framework for dispute between the oil company in Kuwait and the Kuwait government was a whole series of ideas that were coming out of OPEC about how to increase the government's share of oil revenue. Nationally that was a subject of ongoing tension between the government and the oil company. It was not just Kuwait, it was Saudi Arabia, Iran, everywhere else, Iraq.

*Q: Well, did you find, how about a social life? Were you able to get out and use your Arabic and get into the social media?*

PLACKE: Oh, yes. Not so much because of Arabic, in fact almost the other way around. I got to Kuwait at a time when the first wave of young Kuwaiti educated Kuwaitis had come back from Western universities. Many of them from the UK, some from the United

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States and any of them who had been educated in the West were anxious to maintain and establish Western connections, maintain a kind of Western contact. So, they welcomed these associations, which was very beneficial to me because these contacts were sort of at the assistant secretary level.

*Q: These are the people who know what's happening.*

PLACKE: That's right. As we know, its they who are kind of at the point of the government, so this was great for me and I knew all of the people that I needed to know and all of the government ministries were dealing with economic and commercial issues and these were people who welcomed my being there. We did a lot of entertaining at home.

*Q: Did Kuwaiti women come, too?*

PLACKE: Oh, yes, very definitely. The wives sought this as well. In fact, to give you an idea of the state of Kuwait's development was. I did the first balance of payments to report on Kuwait's national balance of payments because the rest of them didn't know how to do it. There was a UN sponsored economic development institute in Kuwait that was sort of a talking shop more than anything else and it was done under their auspices and they published it. I was given credit in the book, James Placke, Second Secretary, American Embassy who produced this analysis of Kuwait's balance of payments.

*Q: Did you see the potential for real problems in that so much of the work force, I know you stress the word work, was Palestinian, because this did make people nervous. I know in Saudi Arabia, the Palestinians were always considered to have their own agenda. Was this a concern?*

PLACKE: There was of course the lip service given throughout the Arab world to Pan-Arabism and to great pause which was to recapture the territory lost to Israel, but the reality was there was a lot of tension I think throughout the Arab world. I witnessed it in Lebanon and again in Kuwait and, as you suggest Saudi Arabia, between the Palestinians

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who were there to earn their livings, but had this political agenda and the national interest of the host country and almost without exception the two did not coincide. Again it's interesting the contrast, Saudi Arabia and Kuwait. The Palestinians were a foreign Arab group in Kuwait and they were the ones who basically ran the country. They were the next echelon down in the ministries; they were the commercial manager for virtually every major enterprise in the country. They ran the airline; they ran the power and water system; they ran the school system; they ran the newspapers. So, you got a very strong Palestinian line politically in all of the news media. They really had taken over the country without anybody kind of noticing it except the Kuwaitis did notice. Then in the, many years when Iraq occupied Kuwait all this came to the surface and the Palestinians resented not being able to obtain equal or at least almost equal treatment with the Kuwaitis not to obtain Kuwaiti nationality and when you reached a certain age there was mandatory retirement including the private sector and then you had to leave. You may have lived and you may have even been born in Kuwait, but you had to leave. There were resentments and a lot of tension in that relationship. When I was there in '67, the Arab Israel War of '67...

*Q: The June War.*

PLACKE: The June War, the Six Day War, I remember the truckloads of Palestinians being marshaled in central square in downtown Kuwait to go off and participate in the liberation of the homeland when the war was already over, but the media didn't have the courage to tell anybody that the war was over. If you could listen to the BBC or VOA - most people listened to BBC - then you were aware of what was going on, but just in the local media, the triumph was on the verge of happening.

*Q: Could you talk a bit about how the Embassy reacted during the Six-Day War?*

PLACKE: Well, one small bit of history that I presume is unclassified by now. The Embassy along with many other posts in the region was ordered to evacuate. Howard Cottam, the Ambassador realized what the consequences would be, it would be devastating,

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not just for the U.S.-Kuwait relationship which I think was his first concern, but for the consequences for the country because if the American Embassy pulled out, much of the rest of the American community would pull out and if the American's were leaving, other foreigners particularly other westerners would leave. And the oil company would shut down, power and water plants would shut down for lack of natural gas. And the country within weeks would become uninhabitable in the way that it had developed. This is not an overstatement. It was really a very serious situation. Which Washington didn't have the time or patience to want to listen to, and probably didn't care very much. So the Ambassador went to the Emir, had a private meeting with the Emir. The Emir did not speak English to any extent and Howard didn't speak Arabic but they did manage to communicate to the extent that the Emir said "I give you my personal assurance that you will have our full protection" and on that basis Howard was able to go back to the Department and make a case along these lines for not leaving, and that he had the direct personal assurance of the Emir that the Embassy and all its personnel would be protected. And they were. And indeed there wasn't anything untoward, never marches on the embassy and to whatever extent there may have been some agitation in that direction, the government was effective in cutting [it off].

*Q: You know in the Arab world reports were circulated that American planes had knocked out the Egyptian air force, I mean the defeat had been so devastating that the Arab world had to blame somebody and of course the United States was the prime candidate. Did that affect the Kuwaitis or were they wiser - able to see through this sort of thing?*

PLACKE: It varied. I think the ones we dealt with regularly who were worldly and understood what was going on and had access to relatively objective information didn't buy those kind of wild tales. But it did change relationships in example; we had been scheduled to go on home leave in early June. But that date came right in the middle of the six day war so of course we were not able to go on time. And we actually left Kuwait about a week later, and left through Tehran which was only the available air route at that point and this was Pan Am out of Tehran. I guess we took Kuwait Airways to Tehran. In any

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event, there were a lot of people at the airport waiting to depart because everyone who can get out of Kuwait for as much of the summer as possible because the temperatures are 120 and there's just not a lot of activity. A good Kuwaiti friend who was about my age at the time had been dating an American school teacher who was also out at the airport to depart and he was out there to see her off. We got to chatting a little bit and he was kind of cool and he was wearing his thobe and kafia, which normally he had not. Usually he wore just Western attire, but everybody became very Arab and nationalistic in the wake of the '67 War, and at one point he said, "Well, what are you going to do?" I said, "Well, we're going back on home leave. We'll be gone for six weeks or so and we'll be back in the beginning of September and I'll come back to work." He said, "Well, you won't have much to do will you?" This is someone that I knew well, who was American educated and dating an American girl, but very resentful of what had happened. While they didn't accept the wild tales, they did regard the United States as having a large share of the responsibility for the great Arab defeat. As you said a moment ago, they weren't able to accept the notion that the Arabs collectively were no match for Israel. That was just not a thought that they could abide at that point. That's changed of course a great deal since, but they had to blame somebody and indeed much of the blame was on the United States. When I did get back to the post after being away for the summer in September or in the beginning of the fall in Kuwait as with a lot of other places around the world, including the United States it's sort of the beginning of the new business year and everybody comes back and you pick up your contacts and embark on whatever it is you're going to concentrate on for the coming period and that was very much the way people approached things there. By the time we got back in September, tempers had cooled, a lot of this had eased, but it was never quite the same. There was a difference.

*Q: What about American businesses. I was economic/commercial officer in Dhahran. Again, about five years before you were there, but my experience was that at that time American businesses showed very little interest in developing the Gulf while it was a tremendous source of money eventually, but at that time, they would come in usually on a*

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*Friday, land in you know, have a Friday to work and then be off or something of this nature and there was a home office was for the whole area was usually covered either in Brussels or Geneva or maybe Beirut...*

PLACKE: In London....

*Q: In London. What were you finding?*

PLACKE: I wouldn't disagree with that characterization. I think Kuwait was kind of discovered during the time that I was there and the Ambassador Howard Cottam had a lot to do with that. He was Kuwait's best PR man and he would encourage American businessmen to come. He would always spend time with them. He would often have them to the residence. Kuwait had gone dry, that is it had banned alcohol early in '66 just a few months before I got there, so American business travelers often welcomed a gin and tonic or whatever and the Ambassador was quite generous in his hospitality to encourage people. He really felt that there was a much greater set of opportunities between Kuwait and the United States than were being developed or exploited and did attract a lot of American business. We had an architectural firm that set up an office there and did very well over the years. The big American companies, General Electric, the oil service companies of course were very active, but they were concentrating exclusively on KOC [Kuwait Oil Company] and the oil sector. There weren't as many American businessmen as might have been the case, but the ones that I dealt with by and large were not amateurs. They'd been around the region for a while and while they were always based somewhere else, usually somewhere in Europe, they did have a good understanding and could see the developing opportunities. Kuwait was becoming on a per capita basis an enormously wealthy place and the government's task was to spend the money and they had a lot of it to spend and more coming in by the day. Saudi Arabia at that time relatively had much less per capita income, so there were more opportunities in a way in this little principality at the top of the Persian Gulf. I found American businesses, the

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ones that were out there, were pretty knowledgeable and pretty dedicated to their task, but not very many in residence unless they were tied into the oil sector.

*Q: What about the Embassy as a guide to students. The United States has got this horrendous, this large educational system, higher educational system and it's kind of hard for somebody going to the United States, a foreigner to figure out what school to go to. You know, I remember, we had a lot of people applying to go something like the Tulsa School of Aeronautics or something like that you know, I mean it was sort of maybe a flake organization which was really designed to pick up foreign money. I mean, did you find yourself sort of acting as advisor?*

PLACKE: Not personally. Sometimes a business contact or social contact would raise this kind of question. I would just direct them to USIA. That was one of the things that USIA did and I think they did a good job. In fact it was done largely by a Palestinian local employee who was American educated and very knowledgeable and I think very responsible. The picture you paint is one that I'm certainly familiar with and I would concur in it. I think those who approached the Embassy either informally or came into the USIA office, I think they were able to get the sort of guidance that they needed. The ensuing decades the American educated Arabs that I've run into very often would have gone to places where you would not have expected to find them. The University of Rochester in upstate New York. If you could get talking about these things, you'd say, "Well, why did you pick that?" "Well, I picked it because there weren't going to be that many other Arabs there and I wanted to get into an American environment. I wanted to get that whole perspective."

*Q: A good, solid calculation on their part.*

PLACKE: Right. Or often because of the technical excellence or the academic excellence of the school, but you'll find them at the Universities of Wisconsin, places that have very cold winters, but nonetheless that's where they are.

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*Q: You know, getting good technical training, or good training in the United States and coming back to a paternalistic government without a lot of room to maneuver in, it's a small place, there must have been considerable frustrations.*

PLACKE: Well, to know the game is to figure out do you dip into the government's coffers. The lawyer friend that I referred to earlier, every time I see him he has a new tale about something egregious that the government has done, some crazy regulation and often in the legal profession and he spends a lot of his time just arguing with the government sometimes for himself, sometimes on behalf of clients. His client base is large foreign companies. He represents most of them that are active in Kuwait. The other friend, that I mentioned [earlier] this comment that he made as we were departing after the '67 War, I still see him and we actually there is something of a business relationship between Cambridge Energy and him because of some activities that he is involved in. My lawyer friend and a group of his business associates established something called the Independent Petroleum Company and that's where they made quite a lot of money in developing niche markets, buying oil products wherever and distributing them in West Africa and parts of South Asia. They set up facilities for storage and blending of petroleum products and lubricants throughout the Arabian Peninsula and they're essentially doing what they know how to do very well which is trade.

*Q: Back to the old...*

PLACKE: Back to their traditions. You know, Exxon is not going to fool around with this or Shell, but for a group of private investors who have roots in the region and who have some knowledge of the industry, they can do very nicely and indeed they have. My other friend does a lot of his companies, does a lot of contracting for the Kuwait government, so the Kuwait government needs these kinds of channels because the money comes into them. Their problem is to get it back out into the society and they've devised various ways of doing this, so there is money to be made.

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*Q: While you were there, '66 to '68, did you feel any, I mean were the Iraqis making any threats, was it a menace that was hovering out there?*

PLACKE: Well, the two things in my experience in Baghdad, which actually we didn't cover in the Iraq section of the interview, was the creation of OPEC in September of 1960. That was an event that has had more impact on international business affairs probably that might have been foreseen or certainly that indeed it didn't have much for about the first 20 years, but since it has become more prominent.

The other event was the British withdrawal from Kuwait in 1961 in granting Kuwait full independence. Kuwait had run its own internal affairs for a long time, but Britain still had responsibility for security and foreign affairs. As part of the whole decolonization around the world, they gave Kuwait its independence and helped them develop and adopt a constitution and had a great deal to do with shaping the way the country is organized today. I can remember the Iraqi tanks being loaded on flat cars in Baghdad to go south to liberate the lost province in 1961. The Kuwaitis of course immediately appealed to Britain who had just left to come back and save their bacon, or rice in this case. All it took was one paratroop battalion which the British sent back and that was enough to turn the Iraqis off. But, the notion that Iraq is or that Kuwait is rightfully part of Iraq is not a new one, it didn't originate with the same, it's been there for many decades and indeed now generations and it's still there and I'm sure that we haven't heard the last of that controversy.

*Q: Well, did you get any feel while you were there from '66 to '68 about the Kuwaitis, were they still looking to the British or were they beginning to look to the United States?*

PLACKE: No, they took a very different approach, they looked to themselves and within limits that was probably the right approach. They were a small essentially politically and militarily weak state in an Arab environment where Pan-Arabism was the ideology of the day to which they subscribe vociferously to try to identify with the larger Arab world and

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they used two things. They used international politics and money to try to cement their independence. Politically they joined every organization that would have them. They joined the GATT [General Agreement on Tariffs and Trade] for example. I'm not even sure they knew what the GATT was, but they joined it. They joined every conceivable international organization to legitimize their independent identity. They used their financial resources to give as many of the other influential states in the region a stake in their continued independence and welfare. The amounts of loans of course with no expectation that they would ever be repaid went to Egypt particularly, to Syria, to Jordan. Egypt and Syria especially, who were the then leaders of the Arab world and who were on the outs with Iraq some to Iraq as well, but Iraq only had its own oil wealth and wasn't so much looking for financial resources. They internationalized themselves in a way that was unique, but they adopted to their circumstances and it worked. It worked for a long time, worked until the invasion of 1990.

*Q: Did you get any feel for how the Kuwaitis were perceived by other Arabs? I've been told the Kuwaitis are not the most beloved over there.*

PLACKE: Well, in Egypt, some months after the Iraqi occupation of Kuwait, sometime in the fall of 1990, I was there and occasionally you would see - the slogan among Kuwaitis was "Free Kuwait" - and somebody was turning out T-shirts in Egypt saying "Kuwait free Egypt." No they were not liked. They had a reputation for arrogance and superiority that is very widely held throughout the Arab world and this roughly one year in Diaspora that they experienced, I think, has confirmed those views in many parts of the Arab world.

*Q: Well, while you were there, were you seeing this, I mean, sort of other Arab contacts you had, were sort of?*

PLACKE: The other Arabs, in their dealings with Kuwait, were interested in getting their hands into the till as deeply as they could and as I indicated that was a part of Kuwait's strategy for maintaining its identify. So, they were in a sense a willing accomplice. You

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didn't get that kind of reflection. Kuwait was just not, didn't have enough visibility on anybody's screen in those days to be a subject of much comment or discussion. It was just this very wealthy little place in the Gulf that produces a lot of oil and was regarded as extremely backward long after that ceased to be the case. The Egyptians had their own kinds of arrogance about these things and attitudes of superiority.

*Q: Did sort of American military support ever come up while you were there?*

PLACKE: There was nothing of that sort at all. We didn't even get approval for ship visits. We applied a couple of times. There had been ship visits in the early '60s, but after '67 there were no more visits. So, there was no military relationship of any sort and we didn't even have military attach#s.

*Q: Did the Middle East Force admiral come by from time to time?*

PLACKE: No, he was not, well, prior to '67 maybe once a year or so, but not after '67.

*Q: Well, then you left in '69?*

PLACKE: Left in summer'69.

*Q: Whither?*

PLACKE: Then to Libya, again a fairly obscure place. We got there three days before Colonel Qadhafi became famous and saw the revolution occur from the balcony of a temporary apartment that we were living in. We had just moved from [a] Hotel the night before and it was a weekend. Our kids knocked on the bedroom door. It was a Sunday and said, "Come out and see the war." So, we came out and there were armored personnel carriers and armored cars. That was a about all the Libyan army had in those days. With [inaudible] in the gun barrels and so forth, an impromptu military parade going by right underneath the balcony. The palace was only about a block and a half away on the same street and that was why there was so much activity there. There were a couple

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of casualties on the palace grounds, but there was virtually no resistance and the coup occurred with lightening speed.

Being new to the post, one of the first things I did of course was sit down and try to catch up on some of the readings. I got the reading file and went back a week or two to see what had been going on. It became clear that a coup was scheduled. It was to be led by a Libyan general with a coterie of establishment types around him who it was almost it seemed almost to be with royal accommodation. It was Omar Saleh who was to be the leader of the coup and what the purpose was and what they had in mind other than enriching themselves was never very clear, but this was well known to the Embassy and it was all in the Embassy reported. So, when this group of no name middle ranking military upstarts staged this coup, it just came as a total shock to everybody. Nobody had seen it coming at all, but if the Embassy knew that Omar Saleh was going to stage a coup, certainly everybody else in Libya knew it. This group of so-called free officers again, you know, out of '67 you had these kinds of revolutionary groups coalescing in various parts of the Arab world where you still had traditional regimes and Libya was one of these. Qadhafi to this day is a disciple of Abdel Nasser. He believes in Pan-Arabism. He believes in Arab socialism. It's not just rhetoric with him. He actually believes it, never mind that it doesn't work. He still believes it.

*Q: He kept coming up with joining with Morocco and joining with, I mean, you know, as Nasser did, these things that never really United Arab Republic stuff.*

PLACKE: Exactly. He's still at it today. He gave a speech I think it was late last year saying that he found that the Arab leadership was absolutely hopeless, that the Arab world was not going to go anywhere. Israel was going to do whatever it wanted to do with the Arab world and he was going to turn toward Africa and become the founder of the United States of Africa.

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*Q: When you went to Libya, well, in the first place, who was the ambassador when you were there?*

PLACKE: We were between ambassadors. David Newsom had just departed in July to become the new Assistant Secretary for African Affairs and Joseph Palmer, Ambassador Palmer who had been the Assistant Secretary for African Affairs arrived in September 1969. Ambassador Palmer was preparing to come to the post at the time the coup occurred and I think had to spend a week or two in Spain before he was able to come in.

*Q: Well, what was your job?*

PLACKE: I went out as the petroleum officer in the Embassy's Economics Section and I was there for almost exactly two years.

*Q: '69 to '71?*

PLACKE: Right. During the course of that time, more or less after the second year I was the economic counselor. I'd been promoted in-between and the Ambassador decided on an internal sort of promotion.

*Q: The DCM was who?*

PLACKE: The DCM was Jim Blake. He was ultimately Ambassador to Iceland.. Being again quite new to the post with this totally surprising coup that had occurred I was suddenly on even ground with everybody else because nobody else in the mission knew what was going on either. Jim Blake, it was an object lesson in how to respond to a crisis. He did a terrific job. He provided just really rock solid leadership to the Embassy, to the American community, which was quite large, because the oil industry was the thing in Libya. And we had Wheelus Air Base.. A group of young, truly revolutionary colonels that nobody knew pulled a coup and Jim just made all of the right moves in a real crisis

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situation. Remember at the time he was Charg#, the coup occurred while we were shifting ambassadors and Ambassador Palmer was not yet in country.

*Q: How did he respond?*

PLACKE: You know, he organized the Embassy into kind of task forces to do all of the different things that needed to be done. He established some contact with the Libyan government, to get a policy line from Washington that we can communicate with the new government, to call in the leaders of the American community and talk with them and give them whatever information and reassurance that we could legitimately offer and we weren't trying to be Pollyannaish about it because that wouldn't serve anybody's purpose, to remain in touch with Ambassador Palmer in trying to get to the post, just juggling all these balls all the time and did a terrific job.

*Q: I interviewed David Mack and he said at one point, David Mack being a very good Arabist and all, a young officer was running out and making contacts and all said, "At one point Jim Blake came to his office and said, 'Mack, I know you're having a wonderful time here, you know, I mean crisis and all that, but I want you to know I'm not.'"*

PLACKE: That sounded like Jim. He was a bit crusty, but really knew what he was doing. Yes, David had arrived at the post [Editor's Note: July 1969] maybe less than two months before I did. He'd been there a month or so and Rocky [Roscoe] Suddarth had just left to be the Libyan desk officer in Washington. Rocky had actually been at the Beirut language school when I was there, but ahead of me by one class I believe. Chris Ross was also there.

After Ambassador Palmer arrived we had, he had a lot of problems on his plate, because this new government was very difficult to deal with, even to communicate, even to identify who was responsible because initially there were no names that were given to us, everything was just done in the name of the free officers committee. Wheelus effectively ceased to operate the day of the revolution and effectively never operated again and the

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Ambassador was the object of a lot of pressure from the military side of the house and directly from the Pentagon and perhaps from the White House, I don't know. That is not something I really have any insight into, but the military, as is often the case, said that the defense of the Western world would collapse unless Wheelus was back in business as normal. There was no substitute. Essentially what it was was a point for coordinating and carrying out various kinds of aerial combat training and just blow the daylights out of the Sahara on a regular basis. They had this huge free fire area that it would be very hard to find anywhere else in the world. Indeed, it was hard to substitute for, but they finally had to accept the notion that Wheelus was gone and it wasn't coming back, period. Difficult. So, there was the Ambassador and Jim Blake who continued as DCM for about another year, had the difficult task of not only dealing with the Libyans who on their best behavior were difficult, but also unhappy people in Washington. [Editor's Note: Although the Wheelus base agreement had just two more years to run, in December 1969 the US agreed to vacate the facility by June 1970.]

*Q: Did you get involved right away in trying to help identify who the hell these people were?*

PLACKE: I didn't do much in that. My bailiwick was the oil industry and every oil company was worth its salt was there and there were some that were quite new to the business were present in Libya. The Libyans had decided on a different strategy. Oil was discovered in Libya in the mid-1960s by what is now Exxon. I think it was the only major field that Exxon has ever actually discovered. Exxon is very good in turning resources into cash, but they're not particularly good at finding the resources. Those are two different skills. Hugh Winn, the head of Esso Standard Libya, was the generally acknowledged leader of the American community and of the oil community, so my task was more liaison with them which was a large segment of the American, a very large segment of the American community and indeed an important community overall. David Mack and Chris Ross and others with the language skills and on the political side, Chris was there as a USIA officer

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were those who were out and about trying to figure out who was doing what and what was going on.

Ambassador Palmer about a month or so after he arrived [Editor's Note: September 1969] decided that there was, and this was kind of the fashion in Washington as I remember at the time, there was too much old thinking and what was needed was some you know, innovative, imaginative approach to what was a very complex and difficult set of issues, so he appointed Chris Ross, David Mack and myself as a junior officers committee to look at these issues and come up with our private advice to him as to what we thought should be done. The big issue was what do you do with Wheelus. We did. I sort of headed the group and we came up with a report to Ambassador Palmer through Jim Blake and I think in effect we sort of confirmed to them what they already knew or what they believed to be the right course of action that Wheelus was a dead duck and to try to save it was only going to make more difficult our relationship with the new government and to reduce whatever chances there were for having any kind of decent relationship. So, to his great credit I think Ambassador Palmer worked out with Washington, which couldn't have been easy, a roadmap for an effort to try to establish a relationship with the new Libyan government. They needed a lot of things and wanted a lot of things and we offered them an assistance package that was pretty attractive, but again in this Cold War context, they decided that they were going to line up on the non-Western side of the fence and turn toward the Soviets. The first real solid evidence that we had of that was the first anniversary of the revolution in September of 1970 when they began unloading battalions of Russian tanks at the harbor in Tripoli and also in Benghazi. By that time that's where David Mack was. He had been transferred over to Benghazi to head the post. That in effect became our answer that they were going down the Soviet path. Wheelus by that time, there was a, we had some difficult negotiations through the winter of 1969 and '70, but ultimately agreed on a protocol for handing the base over to the Libyans and this was all in accordance with the original base agreement. In general there was a description of what should be done if the parties did not renew the agreement and that was the road that we followed.

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*Q: Well, what about the oil business, were we seeing this as well, let's cut our losses and go for oil?*

PLACKE: This was the one of the turning points in the history of the international oil industry that became clear with hindsight. Under the old monarchy, the Libyan government about two years before the revolution in kind of a distillatory way, had begun to press the companies for a higher price for Libyan oil on the basis of its location and quality. It is very light and sweet and therefore valuable crude and to do some other things to restructure the relationship. The oil industry basically just stiffed them. They wanted to increase their revenue per barrel and we're talking in terms of cents in those days. I remember a conversation I had with one of the in-house counsels for one of the large oil companies. I had done I was able to get enough data to get a fair guess as to what the companies revenues per barrel were and make a comparison between that and the government take and it was very heavily skewed in the direction of the companies which they would never acknowledge. So, I was talking with this chap who I'd gotten quite well acquainted with and he was certainly a very able, also a very dedicated company man. He said, "Well, you know, just between us, yes." At that point they were talking about five cents a barrel and the Libyans wanted ten and he said, "You know, so we give them five cents and we give them ten and then it's going to be 25 and then one day you know soon it will be a dollar" which was an unthinkable amount of money. Well, of course, what they didn't think about was nationalization, which is what the Libyans then ultimately, employed and it wasn't a dollar, it was many dollars. The price of oil rocketed. The Libyans laid the foundation for the changing, or the elimination really of the old oil concession system and the restructuring the price of oil.

Oil demand was going up at an astonishing rate and it gave Libya a unique pressure point because the '67 War had closed the Suez Canal and so the tankers had to go all the way around Africa and tanker construction hadn't caught up with that additional amount of tankage that was needed to make a much longer voyage at a time when demand growth

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was three to five percent per year which is extraordinarily high. These days it's two or less. The reason demand was growing so high that oil relative to other sources of energy was under priced. The reason it was under priced was that the companies were competing among themselves and the large concessionaires which included all the traditional seven sisters had these enormous sources of oil in Iran and Iraq and Saudi Arabia and Kuwait and to some extent in Libya and they were doing very nicely in trying to keep as much of it out of the government's hands as possible. Well, this whole house of cards collapsed with the Libyan revolution because the new revolutionaries just weren't going to take no for an answer. They picked on Occidental which was a small California based oil company that really had made its way because of the discoveries it had had in Libya. They found oil in two areas that had been relinquished actually by Mobil and applied some changes in geophysical analysis to make a discovery that Mobil wasn't able to make. Their production mushroomed and they became a large oil company in a very short period of time, but they were very vulnerable. Financially they weren't nearly so strong and most of their eggs were in the Libyan basket, so the Libyans kept cutting back their allowable production and just wouldn't let them export more than a certain amount. After about it took two or three months when Armand Hammer who was the chairman and the largest stockholder of Occidental Petroleum decided he couldn't stand these pressures any longer and he agreed to the Libyan demands and that was the wedge that the Libyans needed that brought the rest of the industry in line within a short period of time.

*Q: Was there while you were there somebody like equivalent to a Sheikh Tariki or somebody who is calling the shots, I mean, who knew what they were doing? I couldn't imagine colonels would know what they were doing.*

PLACKE: I met Sheikh Tariki for the first time in Tripoli. When the word got out, as to what the new Libyan revolutionaries had in mind, Tripoli attracted all of the contrarians in the oil industry. Ray Kendricks, who at one time who had worked for Esso in those days -Standard Oil of New Jersey, now Exxon Mobil - had given a paper at the second Arab petroleum conference at which he advocated the new legal theory called the role of

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changing circumstances. He put forward the argument, which of course was exactly what the governments wanted, that because circumstances change over these long periods of time - the concession agreements were written commonly for 50 years - he said it was just inherently unfair to maintain the letter of these agreements. They were superseded by developments that nobody could have foreseen. He came to Tripoli, [inaudible] a former minister of petroleum in Saudi Arabia who retired came there and he was still a real firebrand in those days. And also the Algerians who of course, had just gone through their revolution and had become independent from France and who had a lot of revolutionary ideas as well. The Libyans got a lot of advice from the Algerians and from this coterie of international bomb throwers, if you will, as to how to approach this subject. I can't say which element in this mixture was responsible for persuading the Libyans to take the course they did and I suspect it probably wasn't any one; it was a combination of all kinds of people who had unconventional thoughts. The Libyans took it all onboard and actually made it work.

*Q: What about some of the others you know; I think of...who is the Italian?*

PLACKE: Enrico Mattei?

*Q: Yes.*

PLACKE: He and I?

*Q: He and I. I was thinking oh, it must have been a French outfit or something.*

PLACKE: Well, [inaudible] although they were not active in Libya.

*Q: But, I would have thought that these would have been sort of probably on the outside, too. This must have been sort of a happy hunting ground?*

PLACKE: The Libyans,...I think I mentioned earlier, had taken a different approach to building their industry. Oil having been discovered I think as I remember in the late '60s,

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'64 to '66 sometime like that. They developed really only by the end of the '60s they decided that they would not grant these very long term concessions which had been industry pattern since before the Second World War and sort of the inter war period. They would give shorter-term concessions. There were concession agreements, but much shorter term, 20 years I think at the most and with very demanding work requirements. In other words, you had to spend so much money within a given period of time, you had to establish that there was a commercial resource there, or you had to relinquish that territory back to the Libyans. Mobil had to do this for example in the two blocks that Occidental later took and found enormous oil deposits. So, it worked and they also decided not to just deal with the seven sisters, but to invite everybody to come in. That's how you got Occidental and what became the Oasis group which was Marathon, Continental (now ConocoPhillips) and Amerada (now Amerada Hess). Nobody had ever heard of Amerada Hess in those days and people had barely heard of some of the others. Those three small American independent companies became the Oasis group, which became the largest producer and exporter in Libya followed by Occidental.

So, again the Libyan strategy involved inviting diverse - both large and small - oil companies, demanding work requirements, and much shorter concession periods all designed to accelerate the development of their industry which worked. Libya came out of nowhere and was a major oil producer and exporter by the time of the revolution and continued to grow quite rapidly for the first year thereafter. When the Libyans put pressure on the industry and partially nationalized the industry, it changed the financial structure in their favor, changed the whole terms as compared to what the industry had been accustomed to for all these years. These then became the new standard for the industry and were adopted in the older more traditional concession countries.

The Shah of Iran picked this up readily and began to apply the same sort of arrangements in Iran, which, of course, Saudi Arabia, Kuwait and Iraq and all the rest of them followed. Then the '73 desert war came along [Editor's Note: the reference is to the Yom Kippur War, October 6-26, which was followed by the OPEC oil embargo], while I was gone from

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Libya from that time. That really brought the whole concession pattern to an end following the war. There's only a few instances where the industry was not nationalized, the United Arab Emirates being one and with hindsight once again showed the president of the United Arab Emirates and the Emir proved to be very farsighted in keeping the industry in fact was the right thing to do, but bringing them under a much greater degree of local control, much more responsive to local circumstances. In particular with the larger share of the financial benefits was what they had in mind and it was what they accomplished.

When the negotiations in Libya came to a conclusion in the fall of 1970, I think in about October, we'd gone on home leave. It had been a direct transfer for me from Kuwait to Tripoli, so I was there for a year having arrived in the summer of '69 and by the summer of '70 was due for home leave and return. I returned to the post in September and that was when the Libyans were just beginning to put serious pressure on Occidental and you could begin to see where this was going to go and what would come out of it all. I remember a meeting with the Ambassador with the heads of the oil companies and the Shell representative who ultimately became the I think in Shell parlance the managing director. Chevron was there and listened to what everybody had to say and was very complimentary about my analysis and said he thought that was something he shared because the direction in which it was going was pretty clear. Libyans were going to have their way and they did.

By that time, Jim Blake had departed post and the new DCM [Editor's Note: Harold Josif] and the ambassador both asked me, by that time I was economic counselor to give this some serious thought and try to draw out of this whole sequence of events what had really happened why and how and most importantly what it meant for the future because we all sensed that this had been a fundamental change. It took me about three months to think it all through fairly carefully and I wrote a very long telegram. It was a three-section cable, which in those days was a very long cable, called New Rules for the Oil Game, a Case for Understanding What They Are. That's been declassified. In fact I requested it when Daniel Yergin, the chairman of Cambridge Energy was writing his book, The Prize:

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The Epic Quest for Oil, Money & Power. I'm in there. He referred to that piece because I had gotten it declassified so I could have a copy and show it to him and it was reasonable clarity laid out what happened to the industry over the next 20 years and it all came out of the aftermath of the Libyan revolution.

*Q: Was our embassy playing any role in this or were we just reporting, because this was an oil thing, or were we...?*

PLACKE: It was again a delicate situation, in a way analogous to what we had been through over at Wheelus AFB. The Ambassador was persuaded, and I suppose largely because of what I had, the analysis I had been able to demonstrate to him, that if the companies didn't make an accommodation with the Libyans they were going to lose it, which they ultimately did. What the companies were thinking in their boardrooms I would have no way of knowing. We saw a lot of senior company directors out there during the course of the Libyan negotiations, but they weren't telling us their innermost thoughts. I can't escape the notion that these guys were certainly not inexperienced and certainly not naive and just decided that it was ultimately to their benefit and the benefit of their shareholders to take as much as you could get while you could get it and not worry too much about the long run consequences because it was going to come to an end anyway at some point and just get everything you could while you could, because that was essentially the strategy that they followed. I think it probably came to a much more rapid conclusion with much more drastic results than they probably had anticipated.

*Q: There probably had been room for....*

PLACKE: Well, in a way the in-house counsel that I referred to earlier was right. You know, you give them a nickel and then you give them a dime and you give them a dollar and where does it end? He was right. The end was you lose it all or you lose at least control and a large portion of the financial benefit and that was what the Libyans had in mind. That

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was quite clear, they were quite articulate about that. So, it was a clash of fundamental interests.

*Q: Did you see when you were doing economic analysis, you could see this major income coming into Libya, could you see them using it different than in Kuwait, say?*

PLACKE: By comparison with Libya, Kuwait is a model of development. Qadhafi who as I said still believes to this day in Pan-Arabism, the Arab cause, Arab socialism especially, has largely wasted a vast amount of the oil income on really farfetched schemes both political and developmental. The great manmade river project is one. This is a multi-billion dollar project that has gone on for, it started more than a dozen years ago and it isn't finished yet and it may never be finished in its original concept. It's a huge aqueduct enclosed because Libya has the highest recorded temperatures in the world. It is a very hot and dry place. It's mostly Saharan Desert. In the southeastern corner of Libya there is an area of geologically trapped water. It's been there for eons, but it is a finite amount. It's like an oil reservoir in a way. There it is and that's all there is. As far as anyone can determine and there have been hydrology studies done on this, it's not being replenished from any source. Well, the great manmade river, that is its source of water and while there is a lot of it there, it is finite. They've invested billions of dollars to bring this resource from across the other side of the Sahara to the coast to grow oranges and grapefruit and whatever. It is from an economic standpoint it is just an enormous waste, but these are the kinds of grandiose schemes that Qadhafi repeatedly came up with. Another bottomless pit is the Libyan military and it still is. I referred to the Soviet equipment coming in on the first anniversary of the Libyan revolution. Well, it has continued to come in over the years and the Soviets have charged some very good prices and the French as well, a lot of French military equipment was sold there. Not too much after sale service. The Libyans have the distinction of being the only army defeated by Chad. Chad doesn't even have an army and the Libyans were defeated.

*Q: Well, the Chadians were using Toyotas.*

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PLACKE: They were using pickup trucks with the biggest machine guns they could find mounted on it and defeated the Libyan armored forces. I think they probably just scared them away. So, that gives you some idea of how effective those expenditures were. Qadhafi has managed to get rid of all of the oil wealth. Libya doesn't have you know a foreign exchange surplus cashed away somewhere. The money is gone.

*Q: What about the Americans there, the oil workers and all, was there concern I mean hand holding on the part of the embassy, either to keep them there or to encourage them to go?*

PLACKE: Our purpose was to first of all try to assure their security, everybody's security and to keep them informed of what the facts of the situation to the best of our ability to determine them really were. I think the oil community was not unduly over excessively, I should say, distressed by the Libyan revolution because they were one of the few largest elements in the foreign community by far and most of it in fact, but they on a day-to-day basis had working relationships with all kinds of Libyans in the government and in the companies. Libya was a country at that time with a population of about two million people. So, there weren't very many Libyans and if you knew a Libyan you had a line into some element of the Libya's highly tribal society. You could get through if you had someone that you could actually communicate well with and had some understanding with. It wasn't that difficult to tap into what was really happening, at least as perceived by the Libyans themselves. The revolutionary command council didn't publish its proceedings every week, so nobody knew for sure what was going on particularly the Libyans. But, I think because of these personal associations and professional associations at least the middle and upper levels of the oil companies were not worried about their security so much. They soon became worried about the future of their activities in the country, but never so much about security.

Libyan mobs could get out of hand. In the wake of the Yom Kippur War in '73 they burned our consulate in Benghazi and very nearly incinerated the Americans who had taken

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refuge in the secure room. It was a near thing because later I talked to some who were there. They also burned the embassy building in Tripoli [Editor's Note: On 2 December 1979, the U.S. Embassy in Tripoli, Libya, was burned during protests over allegations that the U.S. was involved in the Grand Mosque Seizure in Mecca.] At the time, I believe the early '80s, there were a lot of tensions of various kinds between the United States and Libya. That seemed to be a Libyan government inspired event and it probably was the best thing that could have happened to that building in any event. There were these, it's not that these events couldn't happen, they could and they did occasionally, but immediately after the revolution, I think the Libyans had great expectations. They, too were wrapped up in Pan-Arab, Arab socialist rhetoric. The king was not hated; he really was almost irrelevant. He was elderly and ill and had not been a very active political leader for a long time and so it was kind of, you know he really wasn't really missed because he hadn't played a central role. The oligarchy that had grown up around him they were basically there to enrich themselves and basically were not missed. People felt pretty relaxed and happy about the outcome.

*Q: Well then you left there, oh, one last question, did you have any contact with Jim Akins who later became quite the, played prominent roles a few years later petroleum affairs.*

PLACKE: Indeed. I first met Jim in Baghdad. He came to Baghdad on assignment in the political section in the summer of 1961. I left in October. He came in August or September and so we overlapped at the post for two months and that was when I first became acquainted with him. When I was in Tripoli he was heading the office of Fuels and Energy in the State Department and was the recipient of a lot of the reporting that I did. I saw his comment that he had written in the margin of this cable that I had referred to earlier which proved to be a pretty map for the future. He'd written, you know, this doesn't add up or this is nonsense or something like that. Somewhat depreciatory. Jim has a very high estimate of his own evaluation of things and we mostly agree, sometimes we don't. We've stayed in touch. I see him from time to time.

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*Q: Okay, I guess this is a good place to stop.*

PLACKE: Yes, it's kind of at the end of Libya.

*Q: Let's just put at the end here. So, you left Libya in 1971?*

PLACKE: In the summer of 1971.

*Q: Whither?*

PLACKE: Then, let's see, back to Washington to begin a long series or a series of assignments in the Department.: I left Libya in the summer of 1971 and came back to the Department to be the inspector general's office. Months before I returned that office made two changes. For one, they were recruiting much more junior personnel as Foreign Service inspectors. In the old system - I was then an FSO-3, which would be an FSO-1 today - and that was quite a change, because they previously had only taken more senior officers. And two, they instituted a domestic inspection dimension to what had been going on before, which was more - as you can imagine - policy oriented. Domestically, there weren't the post operations and so forth to look into, as you had when you went abroad. So, I did that for two and a half years. I did one foreign inspection that became part of a regular overseas team and that was Venezuela which kind of rounded out my oil background, which had been the theme of my Middle East experience up to that point and it was interesting to see Venezuela in those days.

*Q: Q: Let's talk a bit about the inspection corps. You concentrated first on domestic ones. What were you doing, first domestic parts, what pieces of the pie were you looking at?*

PLACKE: The first inspection did cover the management of diplomacy from the Washington angle. Bob Fallon was head of the domestic side of the Inspector General's office and it turned out that he was also a neighbor. We lived in the same development and so we carpoled and I got fairly well acquainted with Bob. He wanted to do something

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on the economic side and that was my background. So, we decided we would evaluate the Foreign Service deployments of the commercial function from the Washington policy standpoint. It was an interesting and I think a worthwhile inspection.

The Foreign Service at that point was being criticized, particularly by the Department of Commerce, but also more broadly, as doing a pretty inadequate job. Our inspection clarified that there was a reason for that view. From my own experience it was pretty clear to me that being a commercial officer was not a rewarding career track and it was not given much priority frankly in the Service in those days. I have done commercial work not as a full time activity, but as part of my economic assignments, especially in Kuwait and I thought many aspects of it were quite rewarding. I don't know that our inspection evaluation report made that much difference, but I think it did have some impact. The name of what had been the "E" bureau, the Bureau of Economic Affairs was subsequently renamed the Bureau of Economic and Business Affairs so at least there were some cosmetic changes that were made. I think perhaps today the commercial function in the Service, to the extent that it's not now being performed by the Department of Commerce, is I think a better arrangement than it was when we found it. The tension between the two Departments was over the commercial function. Commerce was arguing that State wasn't doing the job and they wanted to take it over. They did take over parts of it and probably the present arrangements, where it is kind of a mix with at least a pretty substantial input directly from the Department of Commerce, works.

*Q: Well, what was your feeling? Did you feel that was it substandard officers I mean or maybe just not officers who were interested who were being assigned or was it lack of training or was there something within the infrastructure of the embassies and all that didn't allow for good commercial reporting?*

PLACKE: I think it was the institutional culture at the time. I knew several commercial officers for whom I had good regard. Several worked for me in different capacities when I was economic counselor in Libya and later when I was economic counselor in Ottawa.

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They were capable officers. They believed in what they were doing. They worked hard at their jobs and I thought they did a good job. I wrote their evaluations and the Service overall I think did improve. But the Service overall just didn't have, it was not a prestigious thing to do. It's much better to be a political reporting officer than to be a commercial officer.

That's what I had in mind when I said it was just the institutional culture. I think that's changed some, but only some. I would agree with the observation the prestigious office in any embassy is the political office. That's the one that's located next to the front office, the one that the ambassador or the DCM pulls out to go with him when he sees the foreign minister or the king or whomever. That's simply the way the system works.

*Q: In the first place, this was something new to inspect the Department wasn't it when you got there? Was that nervous making, particularly I'm thinking of the civil servants, the Foreign Service knew what the inspectors were, but the civil servants I would think all of a sudden this is somebody new coming on.*

PLACKE: That's right and I hope it's still true today. Certainly in those days the office of the inspector general carried a certain amount of clout and we didn't have any trouble getting appointments, getting in to see fairly senior people and going through fairly long interviews. Bob was very good at interviewing. He had a good deal of experience in this area. We interviewed over at the NSC and obviously the Department of Commerce, Treasury, all around town, relevant agencies as well as within the Department. I think, yes, it was new and people didn't know exactly what we represented, but they knew they didn't want to offend us.

*Q: How about the Venezuela Inspection? You went to Venezuela; this would be like '73 or so?*

PLACKE: I think it was.

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*Q: Was it after the embargo?*

PLACKE: No, it was before it. It must have been,...I think it was the winter of '72. My wife has often reminded me of this because it was one of the worst winters that we've had during the time we lived in Washington and it was cold and windy and lots of snow and ice and our street was just covered with ice. I went off to Venezuela where the temperature everyday was 88 degrees; you could count on it. Caracas has a delightful climate. It's pretty, you know, it's not far from the equator, but it's 5,000 feet altitude and therefore every day is a bright sunny day. In fact it gets kind of boring.

*Q: How did you see the situation in Venezuela in this [time]?*

PLACKE: Well, we weren't examining the country per se, we were evaluating the mission. We visited the consulates as well. I thought the mission was very well run. I'm trying to remember the name of the ambassador there. He was famous in the Middle East because he had led the American marines into Beirut.

*Q: Was this McClintock?*

PLACKE: Yes, McClintock.

*Q: With the poodle.*

PLACKE: That's right, exactly. He was quite a piece of work.

*Q: Yes, he was one of the old imperial ambassadors, wasn't he?*

PLACKE: Very much so and you chose your words well. He did have a very imperial manner. When the inspectors including myself met with the ambassador it was very much on his terms, not ours. He certainly knew what he was doing and the mission was very well run. We didn't have a problem. We gave him fine marks.

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*Q: Did you see a different, I mean because you had come from the Middle East, did you see a different oil relationship with Venezuela?*

PLACKE: Yes, I mean, every place is different, obviously. The revolution in oil affairs was underway at that point. It started in Libya while I was there. That's something I'd like to come back to, but I also was in Baghdad in 1960 when OPEC was created and the whole concept of OPEC and its objective was really conceived by the Venezuelans. They were the powers behind it. They let the Arabs stand out in front, but they were the masters in the backroom. That showed clearly in what I was able to observe the foreign companies by that time had already been nationalized and the character of the industry worldwide was changing and had already changed considerably in Venezuela.

*Q: By that time Venezuela had they, were Venezuelans pretty well running the industry and all that?*

PLACKE: Oh yes, very definitely. They had the technical and managerial confidence to do that. In particular American companies, which dominated the industry although Shell was certainly part of it, supplied resources and technology to some extent. In those days the United States had a much greater lead in oil technology and it's true today.

*Q: Then, you came back and I had interrupted you and made you go back and now let's go to Henry Kissinger who was having this conference.*

PLACKE: Yes, Henry Kissinger's Washington Energy Conference which as I remember was in January, I think it was January, it might have been February.

*Q: Of '74?*

PLACKE: Of '74.

*Q: This was after we got hit hard?*

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PLACKE: 'The reason that led to my departure in a way - by that time I had been there two years - I began to think about my next assignment, so the Arab oil embargo came along following the '73 war. The embargo began in November as I recall and went on for several months. Henry Kissinger at that point in that fall actually I think in September as I recall had moved over from being National Security Advisor to President Nixon to the Secretary of State and of course in fact had been the Secretary of State anyway. His first big foray into serious foreign affairs work was to hold what was termed the Washington Energy Conference, this was in the wake of the Arab oil embargo and gas lines. It was after, it was sort of while the Arab oil embargo was still in progress and Henry coming from Harvard knew a lot of things, but he didn't know how to organize a conference. So, that was left largely to Jules Katz, who was then a deputy assistant secretary in EB [the Bureau of Economic and Business Affairs] he delegated a lot of it to Abe Katz, no relationship, but a similar name. I ended up; they were looking for people to staff the task force to support this conference. The conference was composed essentially of OECD foreign ministers and it; Henry wanted to make a political impact on this situation. That was the purpose, but he didn't know how to do it. He didn't have any notions at all about oil affairs although that was what the conference was supposed to be about energy, but it was on a kind of subject matter that he didn't know anything about. So, we wrote a lot of papers and put a lot of stuff together. I wrote a paper on sort of the politics of oil in the Middle East, which was well liked and helped staff the conference. The conference was to last for two days and the second day it was clear that the conference really hadn't gotten anywhere. There was no central theme, there was no consensus and it looked like, you know a pending embarrassment.

This was Henry's first big initiative after becoming Secretary. It absolutely did not fail. To his great credit, what he did and this was really his own, his initiative and his drive that accomplished it. He got all the foreign ministers together for lunch up on the eighth floor without their staff and it was just Henry and his counterparts. The Japanese almost had a heart attack because how could you have the foreign minister in there without

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somebody at his elbow or two people at both elbows, but those were the rules. Everybody of course came and to my astonishment because I was in effect the note taker. Of course Henry Kissinger had American staff there, nobody else had staff. Everybody including the French, including the Japanese spoke English because Henry didn't speak their language. He in the course of that two or two and a half hour luncheon managed to pull together a credible consensus so that when the day ended around 5:00 pm or so, there was some statement that could be issued that represented the consensus of this rather diverse and sometimes fractious group. I don't think it changed the history of the world, but it was clearly the first effort on a broad international basis among governments to recognize and begin to pull together some methods for dealings of what became what was known then as the energy crisis and what has continued to be a global concern of oil affairs. It led later to the International Energy Association and had similar developments. So, it changed a few things.

It got me a new job in February 1974, because of the work I'd done on the staffs and the papers I'd written and so forth. It came to the attention of Jules Katz who was in those days I think there was only one deputy in EB and that was Jules and he had a couple of offices reporting to him directly, commodity affairs, the old fuels and energy office and the office of food policy. He needed two office directors. He chose Steve Bosworth for the office of fuels and energy and me for the office of food policy. Well, having grown up in Nebraska I knew at least something about the practical end of the business and learned a lot in a short time about the policy. And I really enjoyed the job. I worked with a deputy assistant secretary of agriculture, exactly my counterpart; he was actually quite senior to me,. We would meet periodically and we just divide up the food aid budget, which was a couple of billion dollars. We'd sit down in his office and do it because I'd learned over time what agriculture's priorities were and I knew what our policy objectives were from a foreign affairs standpoint and we managed to make compromises here and there and they would accomplish their commercial objectives and we would accomplish our foreign affairs objectives. A very good working relationship.

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The World Food Conference which was held in 1975, it must have been '75 and Ambassador Martin, Edwin Martin came back from retirement actually to direct the preparations of the U.S. for that conference. Of course, our office was effectively the contact point in the Department for him, so I worked a lot with Ed and went to Rome frequently. I got very well acquainted with Rome. It got to the point where I could even speak restaurant Italian. Enjoyed the effort and I think it's had some lasting effects. There is now out of that episode a new aid mechanism for agricultural development around the world and some of those kinds of things. It was one aspect of what was a much broader, more southern dialogue, as the north was being badgered by the south essentially to provide resources. While the north was prepared to do that to some degree we also wanted some accountability and some standards by which progress could be measured. But in silent attitude from the south, which I don't think has changed much over the years, is keep your advice, just give us your money. I see some semblances of that still, but it was an interesting period. Here is when I think economic policy began to be taken seriously as an essentially element of broader American foreign policy. We were being hit from a lot of different angles. The energy crunch of '73 and '74. The concomitant world food crisis which was essentially phony, but there were some problems around the world that had to be addressed, but it was by far from a global crisis. In any case, it energized things that probably would have been allowed to continue to drift otherwise. It was fun to have some role in all of these things.

*Q: Well, you know, really our major export I guess now is still food, isn't it?*

PLACKE: I don't know. I would think today it's probably high technology.

*Q: But certainly for most of you know the post-World War II period we're really talking about food was.*

PLACKE: Well, agricultural exports broadly. Food for human consumption a major part of which we are and have been historically a large wheat exporter and certainly

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corn exporter. Most of that however is for animal feed, but it was also fibers and cotton especially and tobacco. Tobacco. Soybeans. Rice. So, it was a whole family of things, but yes, it was in those days a larger element in our trade balance than it would be today, but it's still significant.

*Q: Well, you were saying that the food crisis was to some extent phony. I remember at that time there was talk about, you know, can the world feed itself. Why was it called a crisis and then why was it not really a crisis?*

PLACKE: Well, it was called a crisis because food prices reflected the impact of the energy crisis because an additional cost among the inputs that go into agriculture had risen very dramatically. In those days inflation rates were very high and a lot of it was energy cost. There were also some - not crop failures - but to some extent there were some crop failures, even U.S. grains production was hard-hit for a year or two. It was really kind of the Japanese reaction that sparked it more than anything. Japan constantly feels vulnerable because they are able to produce only a small portion of their total food consumption requirements and virtually none of their oil or gas requirements at all. They were very nervous and I think their reaction kind of sparked this whole crisis attitude and mentality. To be candid, which is what this thing is about, I think the United States saw some advantages for exactly the reason that you just mentioned and that is our own dominance in agricultural trade. Henry Kissinger would use this phrase periodically that the United States is the Saudi Arabia of wheat, which wasn't quite true, but it was a useful leverage point nonetheless and I think we to some extent abetted not so much the crisis attitude, but an effort to come together on terms that where the U.S. was a much more dominant player. That was certainly true at the World Food Conference and it kind of balanced the inputs or at least to perceive inputs at that time of OPEC and what OPEC was trying to become.

*Q: Was the Soviet Union playing any role in this?*

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PLACKE: Not much frankly, I don't even...but they must have been represented at the World Food Conference, but I don't recall them taking an active role. I headed one of the working groups. That's not quite correct. I was the American representative on one of the main working groups and what I remember most is the Cuban delegate who of course was following the Soviet line in those days. He wouldn't even allow us in the first day to agree on what we were going to call the committee. I mean we got absolutely nowhere. That eventually calmed down and became a more orderly and productive process, but initially and I can't say that that was a general attitude of part of the Soviet bloc, but the Cubans at least were being terrible obstructionist. I really don't recall anything about Soviet participation at all.

*Q: Well, the Soviets of course were often a recipient; I mean they were having problems all the time.*

PLACKE: That's when the U.S. grain exports to the Soviet Union were fairly new. As I remember they began in the late '60s and early '70s and the estimates of Soviet grain production were a very important indicator what U.S. grain exports could be because to the extent that they had shortfalls largely they were offset by American exports.

*Q: Did you get any feel for the agriculture lobbying in Congress or at all or was this gone over to the Agriculture Department and they hit you or how?*

PLACKE: I didn't contend with them. They would occasionally come by and talk to me and others in our office, but their main point of contact was really on the hill and secondarily the Department of Agriculture, which was a friend under almost any circumstances. The county agent system in the United States means that whoever is in the White House in effect has a vast national network in every nook and cranny in this country. While these guys aren't all agriculturally oriented, it also serves some political purposes as well. The agriculture lobby in my view was and still is the second most powerful lobby in Washington.

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*Q: Did you feel that, while you were doing this, did you see any reflection on influence on the oil OPEC thing, could one be played against the other or was this?*

PLACKE: Well, that was what Secretary Kissinger had in mind and was constantly looking for ways to do that and we were constantly advising him that there really wasn't a way to do that. which he never fully accepted. He accepted the argument, but he didn't like the concept. He is a great conceptualizer in which he truly was. He was always looking for the lever and there just really wasn't a lever.

*Q: All you get money for and much more. It's easier get money for oil than for wheat and you can always buy wheat.*

PLACKE: Well, you can buy oil, too, but he talked a bit in public about the United States being the Saudi Arabia of wheat and expanded in that vein to imply that you know the U.S. could exercise some leverage, too and we could put economic pressure through trade means and agricultural commodities on countries that were adversely affecting our interest, such as Arab oil exporters. Subsequently some years later I was DCM in Saudi Arabia and saw one of the consequences of this argument. The Saudis move very slowly, but they do move and they listened to all of this and embarked upon their own agricultural development programs. The agricultural sector in Saudi Arabia was at best a traditional subsistence activity and they turned it into a major industry. They called in...actually it was a Nebraska company that came in and showed them how to adopt central pivot irrigation systems to their circumstances. A lot of Americans came over to manage what became very large farms. The Saudi government subsidies produced wheat at about three times the world price and the Saudi landowners made a lot of money of them and Saudi Arabia actually became a wheat exporter. They were the second largest donor of wheat to the food programs 15 years later.

*Q: Did we find ourselves in competition with Canada, Argentina and Australia. I'm thinking particularly of wheat, but in other things?*

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PLACKE: Yes, very much so, particularly Canada. Canada is - I don't recall what the ratings were - but I think Canada was the world's largest wheat exporter and the United States was second as I recall, but I'm not absolutely sure about that. Australia was a player in that. Argentina as you point out. There was a body that had predated all this attention to the food sector called the Wheat Council headquartered in London. It was essentially an international forum where the major wheat exporters could get together because each had organized their economy somewhat differently. Also what had been the European community now European Union, was also a significant wheat exporter. It made about as much sense as Saudi Arabia being a wheat exporter, but because of the common agricultural policy and French and national interests, they got the rest of Europe to support the agricultural sector to the point where they had an excess of production which was heavily subsidized and put on the world market. So, the underlying tensions in the Wheat Council were between the free marketers, the United States and Canada in particular and often joined by Great Britain who was often kind off in its own category within the European community and the EC and particular France. We had these endless disputes.

On one occasion I remember saying, "Look I've raised more wheat personally than all of the rest of you put together and what you're talking about doesn't make sense." It was fun and it was nice to go to London. I went there frequently. It was nice to go to Rome. I went there frequently for the World Food Conference and also the FAO, the Food and Agriculture Organization, under the UN system was also headquartered in Rome. I used to go to all these things.

*Q: Did you find yourself head to head with France and Germany?*

PLACKE: I learned one skill out of this set of experiences when I was the American representative in this working group of the World Food Conference that I referred to earlier that served me well in the rest of my career which is sort of a basic diplomatic skill. After we got past the Cuban, the French representative whom I'd known somewhat because of

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other working groups that I'd been involved with previously, the French representative was the next major obstacle from a U.S. policy standpoint. He was probably 15 years my senior and certainly in terms of stature in his profession and within the French civil service system also much my senior. So, I decided I was going to try something and he predictably made a...took a position that in this case was not objectionable. I decided I would try a little honey instead of vinegar and said, "This is a view that should be taken very seriously. Mr. So and So, has this wide range of experience, an international reputation and I think his views really need to be given full consideration and the attention of this committee." I never had another problem with him after that.

*Q: Well, you'd left this work. Oh, what was your feeling about the FAO [Food and Agricultural Organization], which was a UN creature? I mean there's been criticism particularly in those days of the UN being overstaffed and more interested in its own perks than getting things done. These are charges that have been shown around. What was your impression of the FAO?*

PLACKE: I think there was probably some of that. It was not a highly energized organization, but also it was, it did have a sound professional staff and they were doing some reasonably serious work. In the atmosphere of the time, what was called this world food crisis, to know what was going on in both large importing countries and large producing and exporting countries to be able to look ahead and see if there were going to be serious problems and to the extent they were how the international community was going to deal with them. So, you didn't have large areas of actual starvation, which we never did. It was very important and the FAO has a worldwide agricultural reporting network that is professional and produces good quality work. What the headquarters did with it in Rome was another matter. The FAO along with a lot of other sort of functional agencies under the UN system became part of this north south contest and I recall going to one meeting in which I was again the American delegate, and the secretariat had produced the conference papers and when they got around to talking about the food production outlook, I think in this particular was the wheat production outlook for the

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coming year, they concentrated exclusively on problems of the developing countries. You know, so and so needed more fertilizer and this should be provided by an aid mechanism and there were drought problems here and other kinds of problems somewhere else and there had to be more assistance to agriculture development and so on. All of that was fine and valid as far as it went, but there wasn't a word in there about anybody producing the stuff. So, I intervened at this point and said that I thought that the secretariat might have been their concern about the needs of the development countries perhaps had missed something that was important and that was where was the wheat going to come from in the first place and why wasn't there any mention at all of the United States or Canada or any of the other major exporters. Well, that brought the meeting to a halt and the secretariat scurried off and did what they should have done in the first place.

*Q: Did you find in these predictions and all, did you find yourself served at all by the CIA because one of the things they're supposed to look at is crops.*

PLACKE: Yes and certainly in the atmosphere of the time they did do a good bit of analysis on that issue. Yes, it was the best information available on a global basis and they drew of course I think for this purpose mostly on open sources.

*Q: Anyhow it was played back to you because sometimes the problem is they've got it and they sit on it. I mean I was wondering, but you found yourself well served?*

PLACKE: I never had that problem with the Agency particularly later on when I was a deputy in NEA and also when I was DCM in Saudi Arabia and often charg#. I had a very good relationship with the two station chiefs who were there during the time I was there.

*Q: Other than Saudi Arabia which you talked about, how did you find,...were there food problems within the Middle East?*

PLACKE: No, not to the extent that it was high up on the sphere of concern. Most of the concern was focused on Africa and parts of Asia, India in particular. This was before the

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wheat revolution that has made India much more self-sufficient. You know, a whole lot of things have changed in the technology and structure of agriculture and India was one of the major beneficiaries, but at that time it was a very different picture and India was a large importer which was always looking for ways to finance its agricultural import deficit.

*Q: Well, then you left there when?*

PLACKE: I left the office of food policy and had become an FSO-2 in the meantime and that was about the time the Senior Foreign Service system was adopted and so I was converted to an "OC" as I recall. I left there in the summer of '76 and joined the 19th session of the Senior Seminar where I spent the next year.

*Q: How did you find the senior seminar?*

PLACKE: As I've often told people, it was the last good deal really left in the U.S. government and it was I think as I've learned recently from talking with people who've been in it more recently than I was. It's not as quite as good a deal as it was in those days. In those days we did a fair amount of foreign travel. We went to all of the major military commands. We went to interesting places in the United States and had opportunities to see things that you wouldn't have had time and possibly the resources to do otherwise. It was a great experience and it was just a big smorgasbord.

*Q: Right, I was in the 17th and it really did open your eyes. It got you out. I was particularly impressed by the city and state governments and sort of the excitement of dealing with the programs that they had to deal with.*

PLACKE: We went to San Francisco and had a representative of the gay community come and talk to the group. This was kind of revolutionary in those days. So, we did, you know, a lot of somewhat unorthodox things, but we had, I came away with a much better appreciation of American society more than I learned about foreign things. I think that was really the purpose of the course.

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*Q: I think that was the purpose. Well, then you, where did you go, when did you leave it and where did you go?*

PLACKE: Well, I took the complete course and enjoyed it immensely and I think benefited from it as well. When I was in the Office of Food Policy which of course was part of the Bureau of Economic and Business Affairs. Shortly after I had taken over the directorship of that office, Tom Enders came in as assistant secretary. I don't know if you've ever known Tom Enders.

*Q: I've never met him, but I've certainly heard about him many times.*

PLACKE: I think a lot of people in the Foreign Service have heard about Tom. Tom was not only; Tom was six feet eight. He was not only physically imposing, he was mentally imposing as well or intellectually imposing I should say. A brilliant man and did not suffer fools lightly as they say. Tom and I got along fine. He was very demanding, but he never demanded a thing of people working for him that he wasn't prepared to do himself. So, if I was there on Saturday, Tom was there on Saturday, too. Not working on the things I was involved in, but working on something. Kissinger relied heavily on Tom for ideas. Tom was very much a conceptualizing idea man and so he and Kissinger were very much in tune. Tom often was involved heavily and consequently with the bureau in writing major speeches for Secretary Kissinger. I played my own small part in that process. Anyway, I'd gotten along well enough with Tom that when I was coming up to reassignment at the conclusion of the senior seminar, he sent word to personnel that he would like me to come up to Canada and be his Economic Counselor. That suited me just fine. So, that's where I went in the summer of '77.

*Q: You were in Canada from '77 to when?*

PLACKE: '79. We actually bought a house there which was possible in those days with the expectation that the assignment was three years with the informal understanding that

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you could extend for a fourth and take home leave after two if you decided to do that. By the spring of '79, however, they were having problems in the Embassy in Saudi Arabia in Jeddah in those days and they needed a new DCM. The third in three years. Joe Twinam - Joe and I had been friends and colleagues throughout my entire Foreign Service career. I actually succeeded Joe in Kuwait. Joe, who was the Director of the Office of Arabian Peninsula Affairs in the Near East Bureau (NEA/ARP), called me up and said that John West, the first political appointee ambassador to Saudi Arabia, needed yet another DCM and was I interested. I said, sure I'd do that, but I've got to talk to Ambassador Enders first. I went in to see Tom and said, "This is the situation." He said, "Well, of course that is a more important job and that's where you should go." Didn't hesitate five seconds. He always saw things very clearly. It was pretty much black and white with Tom and he didn't say, well, you know, gee what am I going to do here? I've got to recruit another economic counselor, didn't hesitate a moment, just said that's what you should do. So, off I went to Saudi Arabia.

*Q: All right, let's talk about Canada. You were in Canada from '77 to?*

PLACKE: To the summer of '79. Two years.

*Q: When you arrived there, what was sort of the, how would you describe the relationship between the United States and Canada?*

PLACKE: As multifaceted and complex as it is today. One thing that I was told by Bob Duemling the DCM upon arrival there and reinforced later by Tom, he said, "Look, one of our main problems here is that both Canadians and Americans speak approximately the same language and that you can dial up any organization or office in Washington from Ottawa as well as you could if you were in Silver Springs and that presents a lot of complications. We're constantly chasing things to find out what's going on with our own government because they don't have to come through us and often they don't." That was the piece of wisdom that I found very useful. The relationship was, this was the latter days

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of Pierre Trudeau and Trudeau was a very, very much a Canadian nationalist in a positive sense. Canadians are somewhat discomfited by being next to the United States. The two economies are so intertwined and were even in those days that it would be very damaging to both to try to accomplish any separation, yet the Canadians really work at maintaining a separate Canadian identity and there is a separate Canadian identity. They have a separate history and really a lot of Canada is evolved in the way that it did as a reaction to the American Revolution. The loyalists went to Canada and the rebels stayed in the United States and there are still traces sprinkled over.

*Q: This was in Ottawa?*

PLACKE: Well, especially in the Ontario province.

*Q: I mean Ontario.*

PLACKE: Yes. That's right. That was the English speaking province and that was where the loyalists went, there and Nova Scotia. Just as a sidebar in my estimate the nicest English-speaking people in the world are in Nova Scotia, just not a wealthy province by any means, but really nice people. The focus and this probably was part of the reason Tom Enders asked me to come up as his economic counselor. The real focus in terms of issues and relationship, which were military cooperation which Tom handled with support from the attach#'s office and energy. There was a lot of back and forth about Canadian oil development. They were just beginning to develop the tar sands in western Canada which are now a major source of oil production, some I think now seven or eight hundred thousand barrels a day. In those days it was under two and the real issue of the day which is still around and is going to become a much more visible issue again was a pipeline to carry gas from Alaska and potentially through fields in northwest Canada as well across Canada into the U.S. It could also serve Canadian markets. Canadians are, well were in those days, perhaps the gap is not as wide now as it was, but in those days they were much more environmentally conscious than the United States was. Also much more

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conscious of the consequences and the sensitivity of native rights and native American settlements were on this particular pipeline route which was down in the McKenzie River Valley which is an environmentally sensitive area. It's way up in northwest Canada. The warm season is very short. What you do during that time has lasting consequences. We never got the pipeline built because the economics changed essentially, but where the United States is today, one of the things that we'll do eventually is build that pipeline.

*Q: How did you find Canadians on economic matters? Did you feel they were somewhat like the French whom I understand, take a certain amount of pleasure in sticking it to you if they can or not?*

PLACKE: Not with the vigorousness of the French. The Canadians I always felt are a little vulnerable in a sort of subordinate position. When people feel that way I think they tend to be rather defensive and sometimes also super sensitive to anything that could be perceived as a slight or less than a full understanding. Yes, the Canadians were sensitive to these things, but it was not an inhibition in getting things done. The people I dealt with at the Ministry of External Affairs couldn't have been better. It was a very collegial relationship. Tom Enders I thought was terrific as an ambassador and like always Tom worked very hard at his job. He went to every provincial capital at least once a year, knew all the provincial governments, knew the mayors of Toronto, Quebec, got around the country, was a highly visible figure in Canada in a positive way. The Canadians liked him and he worked at it because he knew how to manage the relationship and I thought he did it very well. I was there at a very good time. We were very active and generally I thought doing constructive things in the relationship.

*Q: What was the feeling of the embassy and all towards Trudeau at that time?*

PLACKE: Well, Trudeau maybe was a little closer to the sort of French model that you referred to a moment ago. I was mulling this over as we started out on this segment and had to stop myself from saying anti-American. Trudeau was not anti-American, that would

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be a considerable overstatement, but he was very much a Canadian nationalist and looking for ways that Canada could balance its overwhelming relationship with the United States. He reached out to Mexico for example, when Mexico was much less sympathetic with U.S. interests than it is today and he was trying to form a kind of coalition that he could use to offset U.S. influence. It happened to be, I was there when his party lost power and Joe, what was his name?

*Q: I want to say Clark.*

PLACKE: Yes, it was Joe Clark, exactly right. Joe Clark was elected Prime Minister and centrists came to power and the liberals were out. That was quite a blow to Trudeau. Ultimately as I recall the Clark government only lasted less than two years, but it was a hick up in Canadian politics and Clark come in without the sort of prickliness towards the United States that Trudeau had. So, in that sense it made things a bit easier at that level, but the Canadian government is very professionally staffed in dealing with your colleagues day to day didn't really change anything.

*Q: Were you looking, I mean you and our economic side looking at Quebec and thinking if this breaks away, what does this mean and all?*

PLACKE: Well, that was coming to a boil in those days, but it didn't develop really fully until the decade of the '80s by which time I as off in Saudi Arabia, but it was clearly a major issue and there had been two or perhaps three national referenda in Canada on the separation issue. One of those was in the works at that time. And I think the sensitivities, I've been back to Quebec once or twice since leaving that post, and I think the sensitivities in Quebec if anything have become closer to the surface. Quebec lost a lot. Quebec really had been the financial center of Canada historically and during the time I was there and the transition to Toronto being the financial center was well underway and there were some major moves.

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*Q: Moving to Montreal to?*

PLACKE: Moving from Montreal to Toronto. Financial affairs is another important part of our relationship. I happened to have the only two genuine financial economists that I've ever known in the Foreign Service as part of my economic section at the time.

*Q: Who were they?*

PLACKE: Warren Clark and Paul McGonagle.

*Q: Were we...?*

PLACKE: Oh, subsequently, actually after completing his tour in Canada left the Foreign Service, went to a bank and has made lots of money.

*Q: Were we looking though, I mean, the Quebec independence movement was always sort of a cloud...we must have been running models of what would happen if?*

PLACKE: No, we weren't really. It hadn't developed to that, it was not that acute at that time. It was not that we were ignorant of the issue, but I don't think we saw the possibility at that time that it would actually break away. That became much more of a possibility some ten years or so later, but our consulate in Montreal in those days - we also had a consulate in Quebec City - they were keeping their fingers on the political pulse on these issues, staffed largely with French speaking officers, did a good job.

*Q: I'm told that sometimes ties particularly when you move towards the West or the East and the maritime provinces, the ties are really head north-south and don't head across. In a way, this is very healthy, but at the same time it must have caused some problems, didn't it?*

PLACKE: Well, this is something that the Canadians themselves talk a lot about, that Western Canada really starting from I suppose Manitoba going west is very different from

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Eastern Canada and has a lot more in common in attitudes and the nature of the economy and so on with American states to the south than the Canadian provinces to the east. One could easily get into an exaggeration here, but it was not a problem, it was just kind of a phenomenon that everybody was aware of and occasionally would comment on. Because of our interest in oil and gas affairs, I visited Calgary fairly often and one of the things that really stood out was the political attitudes towards domestic politics and to social issues which the U.S. and Canada largely, but not fully by any means, share. So Calgary was very similar or more similar to what you would find in Denver, Dallas or Houston than they were to what you would find in certainly Montreal or even in Toronto.

*Q: Were we looking at the health system? Was that part of your portfolio?*

PLACKE: Senator Kennedy was looking at the health system and was making a number of speeches. He came to Canada at one point to sort of personally you know, say I've seen the Canadian system at first hand. I remember he actually introduced some legislation in the United States in the U.S. Senate, but would establish a National Health Service modeled on the Canadian system. Those of us in the embassy who relied on the Canadian health care system while we were there thought this was one of the great ironies of our time because the Canadian health care system was under constant attack in Canada and regarded as a failure which it was. Kennedy wanted to replicate it here in the United States.

*Q: I have a cousin by marriage up in [Canada] who has, is getting older and has health problems and is having to run down to the United States all the time in order to get on time treatment or something.*

PLACKE: This is one of the problems. It's become a problem in the UK as well and that is that the theory is fine, but the implementation is, it has some structural defects that make it almost impossible to work properly. One of the penalties is that to get proper medical attention in a timely way is very uncertain and often just not available.

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*Q: Well, then you were ripped untimely from a womb of Canada. What did you do about your house?*

PLACKE: When I left Ottawa to go to Jeddah by way of Washington I had my wife, three children, two cars, and a house that I just walked away from. We put our house on the market as soon as this decision was made to go to Saudi Arabia and had a certain amount of interest, but no takers and as it turned out one of the parties that seemed to be seriously interested essentially played games because he knew that I was going to be leaving and he figured, well, you know as it gets closer to the time when they're going to have to leave, they're be more flexible and I'll get a better deal. That wasn't the way we played it and ultimately he met our purchase price. It could have been done with a lot less strain, but that was his negotiating tactic. When I left there we were thinking in terms of renting it out because we couldn't sell it. Fortunately we were able to sell it and probably all things taken into account including the tax advantages and so forth, I suspect probably broke even on it, but it was a great house. It was a very nice house to live in.

*Q: Well, speaking of negotiating tactics, did you get involved in any negotiating session with the Canadians and if so, how did you find them, I mean I'm told they can be quite good.*

PLACKE: They are. They're very, I think as straightforward as Americans in their negotiating attitudes and they come well briefed, they have a good command of the facts in the situation and they simply know what their objectives are and they work hard to accomplish them. The only negotiations that I think could be legitimately termed as such that I was involved in either directly or as an observer was over the pipeline questions. We would negotiate or at least we would meet with some of the commissioners on the national energy board, which was just a block down the street from the embassy. We would come and occasionally call on key people in the Canadian parliament and we could go to lobbying out in Calgary and that sort of thing. I enjoyed my assignment there

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immensely. I have a very high regard for the Canadians and I think the U.S.-Canadian relationship today is probably even healthier than it was then.

*Q: Was there any talk about a NAFTA or a North American Free Trade Association or anything like that?*

PLACKE: Under Trudeau, he really was trying to move things in the opposite direction and had worked out an arrangement with the European community. As I mentioned earlier, he was trying to work on sort of a common front with Mexico against the United States. He was not looking for a way to enhance the relationship with the United States; he was looking for ways to counterbalance and really took the opposite approach and ultimately an unproductive one.

*Q: Well, then you went to Saudi Arabia. You were there from '79 to when?*

PLACKE: '79 through '82. I was there for three years.

*Q: In Saudi Arabia that's [a lot]. What was the sort of the situation of our relationship with Saudi Arabia? We'll talk about the embassy next.*

PLACKE: A very close relationship. This again because energy was as usual the high point of the relationship. The structure of the industry had by that time changed. The Aramco partners had been nationalized or were in the process of being nationalized, effectively the Saudis had taken over Aramco, which was the world's largest oil company as it is still today. That was the centerpiece of the relationship. The very high oil prices which were a result of first the Arab oil embargo in the early '70s and then the collapse of the Shah's regime in 1978. He left Tehran in February of '79, which led to an even sharper escalation of prices. So, I got to Saudi Arabia right in the middle of that. Saudi Arabia of course had been one of the major beneficiaries of period of high oil prices and it was being transformed right before your eyes from what had been a pretty primitive place actually into a physically adept, modern country and they were doing everything at once - roads,

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highways, mosques, schools, hospitals, telecommunications. When I arrived in Jeddah, you could barely call across town on the telephone system. Two weeks later they plugged in the new system and you had international direct dialing. It was like night and day.

*Q: Most of this was being done by outsiders, wasn't it?*

PLACKE: All of it, AT&T, Bell Canada, General Electric, anybody you could think of was working in Saudi Arabia.

*Q: Was that a matter of, I mean people were looking at Saudi Arabia concerned because I mean what in a way you're developing is a parasite class which, maybe it's the wrong term, but you know, I mean if one that lives off the work of others.*

PLACKE: Well, they live off the resources, which Allah happened to put in their country and that's kind of the way they look at it, you know, it's there because God put it there and that was his intent and fine and it's still more than just. Saudi Arabia when I said a primitive or relatively primitive, or undeveloped is a better word because socially they were not primitive, but in an economic and physical development sense the place was pretty basic. Even some of the royal palaces that I visited in the early part of my assignment there, would be kind of substandard housing. The Saudi society historically and certainly up to the present time is tribally organized. To understand anything about Saudi Arabia you have to appreciate that fact and fully absorb what it means and learn as much as you can about the main tribal systems and interconnections and so forth because it is absolutely fundamental to what goes on in Saudi Arabia. The tradition is that the head of the tribe, the Sheikh, is the person who doles out the duties and that was the role of the Saudi government. The oil wealth came in not to private individual Saudis and there were entrepreneurs, some of them associated with the oil industry that became extremely wealthy and were often very astute businessmen as well, but the bulk of the money came to the central government to be utilized and distributed. So, they did what was natural given the way their society works in its history up to that point, the government

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did everything. It built power plants and it built the highways, it built the railroads, it built the telephone system, it did all of these things. Well, now some 20 or 25 years later, that looks like kind of a bad choice and it's only been in the last couple of years that the Saudi government has realized that they don't have the resources to do all of these things anymore.

The Saudi population when I got there was around seven million people about a million of which were expatriates working there on a generally temporary basis. Today the Saudi population is over 20 million of which two million are expatriates. The government cannot perform all of the social functions like education and health care which are often the province of governments around the world, sometimes they are not, such as in the U.S.; sometimes there's less of that in other countries, but the Saudi government was doing everything. It was being the source of capital and the developer for everything. They can't do that anymore. So, we're beginning to see the development of private electric power. That's very new. That's only from around the last two years and the character or really the mechanics of the Saudi economy and to some extent the psychology of the society is attitude for government, is attitude toward private investment, has to change and is in the process of change.

*Q: Well, while you were there, were we seeing the population growth as waiving flags or was that very apparent?*

PLACKE: Well, we knew that population growth rate was in the range of three and a half percent, which is among the highest in the world. It didn't look threatening at that point, but if you had run the numbers and carried out two generations you'd realize what the consequences were going to be. I had some conversations with Saudi leadership about this. They just didn't, (a) they didn't understand it and (b) they didn't want to hear it because their perception was here is this large country. Saudi Arabia's geographic extent is equivalent to the United States east of the Mississippi. It's a big place. Very thinly populated, a lot of it uninhabitable, it's arid desert or mountainous desert, you have that

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choice, with a large financial inflow, a wealthy country that became so literally in a decade and was nervous about other more covetous folks in its regions that might have designs on them.

Therefore, one very important element of the U.S.-Saudi relationship was the security relationship. Really that's the underpinnings of the relationship. The strategic bargain between Saudi Arabia and the United States which is really where it began actually with the things moving between President Roosevelt and King Saud at the end of the, just before the end of the Second World War. That set the framework. It was a preferred position in the Saudi energy sector which is still true today with the United States or American countries in an unwritten, but apparently well understood U.S. commitment toward Saudi Arabia's external security. It was never promised and never been asked to do that, I don't think they would want us fooling around in their internal security. That bargain has held up very well, but it, the Saudi perception was that they were under populated and vulnerable and had a subsidy system to encourage large families and that subsidy system is still operating today when they got through this problem and hundreds of thousands of young Saudis coming on the job market every year for which there aren't jobs.

*Q: How did the events in Iran, the events of '79, the embassy, well, Iran had been going through a revolution, how did that reflect on what was happening?*

PLACKE: Well, I knew actually the wife of one of the embassy officers who was taken hostage was, she was Iranian by birth and was living in Saudi Arabia and remained in Saudi Arabia.

John West who didn't come out of the Foreign Service tradition, but came out in the southern political tradition, he was the government of South Carolina. President Carter appointed him Ambassador to Saudi Arabia. He was the first non-career ambassador to Saudi Arabia and of course the Foreign Service was miffed about this and knew that this

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wasn't going to work and how could any non-career person understand or even come close to understanding the complexities of Saudi Arabia. John had no problem with that at all. I've often accompanied him, I always accompanied him in fact, when he met with Prince Abdullah who in those days was number three and commander of the National Guard as he is still, now he's number two and is effectively running the country. [The] King is incapacitated.

We'd go around and see Abdullah and almost every time John West and [the Prince] would go through this routine. We'd walk in and the Prince would greet the Ambassador, very gracious and would sit down and he would say something like, "Your Excellency, always delighted to see you and I'm sure we'll have an opportunity to exchange our views here today. You must appreciate, however, that I'm going to speak very directly because it's the only way I know how and essentially from a Bedouin tradition, we deal with people in a direct way." John would say, "Your highness I know exactly what you mean. I'm just a country lawyer." Then they both laughed. John figured out Saudi society sufficiently to be a very effective ambassador.

*Q: Often, I think it was noted that ambassadors who are politicians often can do better than ambassadors who are business people. They're dealing with political figures. It may be a prince, but I mean it's politics, you know, even though there may not be a very solid tribal system in South Carolina.*

PLACKE: Well, I think southern politics - about which I don't really have any real expertise, my only serious exposure was with John - probably would fit into that mold a little more comfortably than northern American politics. John was in my observations did a very fine job as Ambassador.

*Q: Well, back to the events in Iran, I mean here you had a very revolutionary fundamentalist Shia group in Islam, practically on the borders of Saudi Arabia.*

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PLACKE: Right across the Gulf.

*Q: Right across the Gulf. This must have, particularly at that time, must have presented some real strains, didn't it?*

PLACKE: Well, the real strains came later, but not much later. I recall meeting with a group of Iranian clerics within a week or two of arriving in Saudi Arabia actually in...I guess it was, I don't remember where, we must have been in Jeddah. They had come for [pilgrimage] - not the annual pilgrimage, it's a, it's the minor, so-called minor pilgrimage, which can be made by Muslim visiting Mecca and Medina at any time, the Hajj being a particular period that takes on additional significance. These were about four or five clerics and I didn't, and nobody in the U.S. government had a very clear notion as to where they fit in, but it was the first opportunity to talk to any kind of representation from this group after the embassy officers had been taken hostage. We had discussions, which I don't, thinking back on it I think they must have been; they were very, very weary and didn't know what this was all about. I frankly didn't know what it was really about either. My purpose under instructions from the Department as just to try to find out whatever might be useful in the way of political intelligence to find a handle to try to deal with the hostage situation. Needless to say we didn't find that handle on this occasion. I think only later began to appreciate that the whole hostage episode in Iran was a reflection of Iranian domestic politics more than anything else and that when it was no longer useful to Ayatollah Khomeini to hold these hostages and when that became a liability brought it to an end. It was turned on and off for their own purposes. Bad news for the hostages of course.

John Limbert was one of them and John had been a political officer in Saudi Arabia and his wife having been Iranian born, John spoke very good Farsi and Arabic and was asked after the Iranian revolution to go back to Tehran and take an assignment there in the political section which he did. He left Parvaneh in Jeddah because I think that was before dependents could return and when the hostage incident occurred and this is an illustration

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of John West's approach to things opposed to perhaps the more traditional Foreign Service, there was no doubt in his mind what the right thing to do was and that was to provide housing on the embassy compound for Parvaneh and [their] two children. Being DCM and being kind of a, the point of contact between Ambassador West and the State Department on all kinds of things and particularly administrative affairs, I knew that there was potential to get us all into difficulty if we didn't handle this right. So, my role was to try to figure out a way to do it and to explain to Foreign Service inspectors or anybody else. We worked it out. Parvaneh then became an employee of the consular section and this was not a sham. She was there and did a genuine job and therefore, entitled to embassy housing in her own right, while her husband John was being held in Tehran. That was the situation that was maintained until the hostage episode came to an end.

Politically, tensions between Saudi Arabia and Iran were there from the outset. The takeover of the Mecca Mosque, the Grand Mosque in Mecca occurred in September of 1979 a few months after I arrived there in September or October, it may have been October. [Editor's Note: The Grand Mosque Seizure on November 20, 1979, was an armed attack and takeover by Islamic fundamentalist dissidents of the Al-Masjid al Haram in Mecca, Saudi Arabia, the holiest place in Islam. The insurgents declared that the Mahdi, or redeemer of Islam, had arrived in the form of one of the insurgents' leaders and called on Muslims to obey him. The seizure shocked the Islamic world as hundreds of pilgrims present for the annual Hajj were taken hostage, and hundreds of militants, security forces and hostages caught in crossfire were killed in the ensuing battles for control of the site. The siege ended two weeks after the takeover began with militants cleared from the mosque.] That was followed by at the end of the year, December going over into January of the following year, by fairly serious riots among the Shia in Eastern Saudi Arabia. The belief of the Saudis and how much intelligence they really had on this I don't know, but within their own country they generally know what's going on and our beliefs were simply on a more analytical basis, was that this was probably Iranian inspired so that the antipathy between the two sides began to rise and hit the boiling point when there

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were large scale Iranian inspired riots at Hajj. That I think was in 1981 I believe and then there was a series of these incidents. The Iranians were attempting to use the premier religious event in the Muslim calendar for political purposes. They were staging, you know, pro-revolution, anti-U.S., anti-Israel, to some extent anti-Saudi Arabia demonstrations, getting people killed. Finally the third time that they staged one of these things a lot of people got killed, hundreds of pilgrims and dozens of Saudi national guards. That's when the relationship between the two really ruptured and was only put back together about, it was in the late, it was right at the end of the '90s, I think it came about probably 1997. Iran became the president or the chairman of the world Islamic council and in that role convened a traditional heads of state congress in Tehran and by this time Fahd of course had become king when the King died which was while I was still in Saudi Arabia in 1982 and by the late '90s was incapacitated to the point where he wasn't going as Saudi Arabia's representative to these things, so Crown Prince Abdullah went. Abdullah found someone in Mohammed Khatami who had been the popularly elected president only a short time earlier that he felt he could work with and even extended that later to the religious in de-facto secular leader of Iran and that's when the Saudi Arabian relationship turned around within a very short period of time. There had been a lot of tension between them and in-between we also had the Iran and Iraq War.

*Q: When was the Iran and Iraq War? Was it on your watch?*

PLACKE: It was during the time I was in Saudi Arabia, we had the takeover of the mosque in Mecca, the riots among the Shia in the eastern province which was the oil producing area, the seizure of the American Embassy and the hostage taking in Tehran. Then in September of 1980 the outbreak of the Iran and Iraq War and then [the] King died the month I was leaving Saudi Arabia, July of 1982.

*Q: You know, these things were going on with Saudis' eastern neighbors, Iran and Iraq and all, was this something that we would consult them or were we sort of bystanders watching their relationships, what they were doing?*

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PLACKE: Well, when the Iran and Iraq War began because we did not have diplomatic relations with Iraq, but we had reinstated resident officers in Baghdad in the U.S. Interest Section which operated under the Swiss flag. But, of course with the situation in Tehran needless to say there wasn't anybody there and still isn't to this day. So, we had a poor relationship with Iraq and a really bad relationship with Iran. So, between, the choice between the two was not very dramatic as long as they were just fighting and hurting each other, we didn't see that our interests were being directly affected. The Iran and Iraq War when I was back at the Department as deputy assistant secretary was something worth coming back to, because it did have a number of long lasting consequences, but at that time, of course the Arab states on the Arab side of the Gulf, Saudi Arabia, Kuwait and all of the others lined up immediately behind Iraq and become Iraq's principal source of finance for the war and the Saudis actually built a separate port to bring in Iraqi arms shipments in the Red Sea and they were trekked across the kingdom. We saw all this going on and observed and reported on it, but it didn't, our perception at the time particularly involved American interests.

*Q: Well, the problems of internal security, did we give advice or again were we observers to what happened? The Grand Mosque was taken over, the Shiite revolt, you know and the disturbances during the Hajj.*

PLACKE: Indeed, we did. The takeover of the Grand Mosque, of course, would be the equivalent of St. Peters being taken over in Rome by some Catholic revolutionary group. It was a shocking event and the purpose was to dramatize the conservative view within Islam that this particular group was putting forward and one of the ironies in all of this was that the leader of the group that took over the mosque in Mecca was the son of one of the Muslim brothers that were killed in a confrontation with [the] King. These things have long antecedents and long memories. The, let's see where were we going on this?

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*Q: Well, I was just wondering, did we get involved in sort of security advice or help or anything?*

PLACKE: Security advice: Yes. The myth about the takeover of the Grand Mosque is that the French came in and helped the Saudis retake it. This is not true and I finally found why it was so widely believed. Several years later, it came across my desk a copy of a report out of the military attach#s office in Paris reporting that this is what the French had told them and therefore this is what happened. It wasn't what happened at all. This is what is believed, but it simply is untrue. What actually happened is that there were non-Muslims within sight of Mecca, at that time, about the same as on any other day of the year, but the Agency did bring in some advisors, U.S. military, not CIA, but under CIA auspices that in my understanding - and I did not observe it directly - provided some fairly useful advice and perhaps some special weapons to Saudi National Guard in their retaking of the mosque.

*Q: Speaking of fundamentalism, actually within the last couple of months here in the United States, Saudi Arabia is under a lot more scrutiny because of the fact that so many Saudis have been involved in terrorist acts. Were we looking at the schooling system of Saudi Arabia?*

PLACKE: No. We were generally aware of it. I mean what is become known since and also I think the schooling system has probably gone even further in that direction than was the case while I was there. My interpretation of what happened about this set of circumstances; I think what you're referring to is the fact that there were 15 Saudis among the 19 hijackers of the three aircraft on September 11. There is bigotry taught in the Saudi school system. It is in the curriculum. It's reflected in the textbooks. This is a bad thing and the Saudi government has belatedly realized that this is also a threat to them. Osama Bin Laden doesn't plan to come to power in Washington, he wants to come to power in Riyadh and we just happened to be in the way, which is why we're a target. At the time when Saudi Arabia, just to sort of go back again to the way it was, when it got sudden oil wealth,

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again it wanted to do everything it needed to do everything at once. One of the things was to expand greatly the educational system. At that time illiteracy was probably more than 50% of the population. There was very little schooling for girls and women at all. There are only two universities in the country. They were sending their best and brightest abroad generally to the United States for advanced education and even secondary education. Both the present foreign minister Prince Saud al-Faisal and his younger brother Prince Turki Al Faisal who up until about six months ago had been the head of Saudi intelligence were educated in the United States. They both went to the Hun (?) School and then Saud graduated from Princeton and Turki from Georgetown. Of course I dealt with both of them extensively while I was there and still see them from time to time. In trying to enormously expand their educational system from the ground up, the Saudis had to bring in large numbers of Arabic speaking educators or teachers and the largest available pool was in Egypt. The Egyptians were very glad to see the Muslim Brotherhood faction among the teachers go off to Saudi Arabia. The Brotherhood's stated goal is to instill the Koran and Sunnah as the sole reference point for... ordering the life of the Muslim family, individual, community... and state, but then were expanded through the Saudi educational system and because of Saudi Arabia's self-perception of being the leader of the Muslim world, the protector of the Muslim holy places and so forth, because of Saudi support for charitable and sometimes not so charitable Muslim activities around the world this was the attitude that infiltrated this whole system. This goes back to the 1970s when the Saudis were confronted with a need to do something and this was the way that they dealt with it; with consequences that I don't think anybody could have possibly foreseen.

*Q: How did your officers find dealing with the Saudis? Were they able to get out and around, how were contacts?*

PLACKE: I'll give you answer to that question because it's clearly part of how the career service performed and an aspect of the official U.S. Saudi relationship, but let me start with sort of a personal vignette. Most people who are outside the Foreign Service or outside government, when my wife and I are talking about some of our past experiences, when

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we get to Saudi Arabia, they always say, well gee that must have been a hard experience, especially for your wife. In her view that was our best Foreign Service assignment. For this reason, first of all being DCM I had a car and driver, so not being able to drive for her was not a great liability and every morning my secretary would schedule what the driver was going to do that day and so there wouldn't be any conflicts or any surprises it all worked very smoothly. She realized that sitting on the embassy compound in the DCM's residence for three years was going to be pretty dull if that's all she did. She had an education background herself. She is a graduate of Smith College and has always been interested in the arts. So, she became aware of the USIS series, video series, on American women artists and she would invite Saudi women and some non-Saudis as well and diplomats' wives, but mostly Saudi to our house for a showing of one of these films in this series. Actually they weren't videos, they were films because I remember operating the projector or setting it up once or twice. After the first one this became a real hit and she would have people call her up and say, so and so has told me that you're going to have another film showing, can I come. They would be wives of prominent Saudi personalities of one sort or another, so she became very well connected in the Saudi women's community and when I was an Arabic language student in Beirut they had what was called the wives' course. I doubt if you could call it that today, but it was one hour a day, five hours a week. So, she has some basic grounding in the language which she then picked up in Saudi Arabia in a more serious way and got to the point where she could feel comfortable in a group where she was the only non-Arab and non-native Arabic speaker.

That led to a couple of professionally very useful things. With her contacts and my own we were much better able to figure out how Saudi society worked in a small community in Jeddah and the larger society and in a social sense it works in Saudi Arabia just as it does here or in most places. That is, if the wife says that they'll come to dinner, they will come to dinner. So, we would send out dinner invitations. We did a lot of entertaining of Saudis, I mean real Saudis. We always approached it the same way. We'd send the invitations out and then a couple of days later my wife would call and indeed the wife and she almost

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always knew the wife, if she said, "Yes, we'd like to come", we could count on it. If she said, "Well, you know, we may be busy", you know, they probably wouldn't be there.

So, we developed some long lasting relationships among the Saudis and she, actually we, were talking about this just the other day. She became acquainted with Ken Collins, the principle wife and a number of the other royal family wives, including the wife of former King Faisal who as actually Turkish born, and Ken Collins, senior wife. On one occasion when my wife was invited to a reception of some sort, she took our oldest daughter along who had been a college student and the queen, as she was usually termed, but that's very much a Western term, she wouldn't be called queen in Saudi Arabia, saw our daughter Elizabeth and said, "You sit here next to me." They didn't have a language in common, but I gathered they got along famously. The point of the story is it was a collaborative effort between my wife and myself. She had a much more interesting time there than she might have otherwise. This was not a paid activity for her, but it was supported by the U.S. government in the sense of providing transportation, our representational allowance and housing allowance and all the rest of it. It very definitely served a useful purpose. I had much better contacts among a segment of Saudi society than I would have ever had if I was just working on my own.

More broadly - to go back to your original question after this long digression, it is pretty much like everywhere else. It depends upon the personality of the officer involved and depends how much effort they put into it. Some put in more than others, but it was certainly possible. Mark Handley at the time was the junior officer in the political section. Mark is very fluent in Arabic. He sounds like a Yemeni which kinds of grates on everybody, but he speaks Arabic very well. After all of these events that we referred to at the onset, the collapse of the Shah's regime, in Iran the Shia riots in the eastern province, the outbreak of the Iran and Iraq War, my principal substantive issue during the three years I was there, was to persuade Washington that Saudi Arabia wasn't just like Iran and the same thing that happened to the Shah wasn't going to happen in Saudi Arabia. Washington saw the parallel as an absolute truth and it was my job to try to persuade

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them what the reality was. I turned to Mark at a given point. He was approaching the end of his two-year assignment after the first year that I was there. I wanted to keep him on. So, I called him in one day and I said, "Mark, I've got a deal for you. I'll give you a new van, the van equivalent to an SUV which we just had gotten into the motor pool and cover your expenses and I want you to go out and get around the countryside and talk to the provincial governors, talk to district security officials, talk to religious figures to the extent you can and find out you know, in some depth what public attitudes really are and how we can communicate this to Washington to counter this notion that Saudi Arabia is just another Iran waiting to happen." Mark did a terrific job. He did exactly what I asked him to do in the process elected to stay on in Saudi Arabia instead of going to Tunisia where most people would have preferred to go. Mark, being Mark, he thought this was an opportunity he couldn't pass up. He relished it and did a terrific job. He turned in some really superior reporting which eventually got him a director general's reporting award. But that was a key thing in communicating to Washington what some of the realities of Saudi Arabia were.

*Q: What were some of the realities that stuck out in your mind?*

PLACKE: I guess what I, this comes down to Saudi Arabia as almost always does to personalities. I referred earlier to John West and Crown Prince Abdullah and how they got along together. At one point the Crown Prince, now Crown Prince, then just Prince Abdullah, but always commander of the National Guard which is his power base. He's very much a product of the tribal system and understands tribal politics at a level that I couldn't even comprehend. It's because the Guard is drawn essentially from tribal levies almost, largely Bedouin, and it's intensely loyal to him personally, as you would expect. He wanted to improve the health care and he wanted the U.S. army, which has trained the Guard for 30 years now to manage the health care system for the National Guard. We talked to the appropriate people in the Pentagon who had no particular appetite for doing this, but ultimately with a lot of leadership and persuasion from Ambassador West, agreed to undertake this. I negotiated the terms of the arrangement with some of Abdullah's staff and

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it was interesting from my point of view, and kind of fun, because they had an Egyptian lawyer who was their legal advisor on their negotiating team whose mission in life was to obstruct everything and assure that nothing ever got done. At every point he would raise some objection and finally the, it was one of the two [inaudible] who are a closely related family to the royal family and had always occupied high positions in the National Guard and the I can't remember which of the two it was that was my opposite on this occasion, but he finally turned around to the [lawyer] and said, "Our instructions are to come to an agreement and that's what we're going to do." That ended that whole sector of opposition. So, that was kind of fun and we got it on my watch. It was important to Prince Abdullah and the last time I saw him, which was here a couple of years ago, I reminded him of that and he got a big kick out of it and laughed and said, "Oh, yes, I remember that."

More generally, Fahd, who was Crown Prince under King Khalid, dominated the government in a way that there is really no parallel in the United States. If you're king you don't have to, things are done by consensus, but the king's position is much greater than say the president of the United States is in our context.

There were three American ambassadors in Saudi Arabia during the time that I was DCM. John West had already been there for two years when I arrived, followed by Ambassador Newman, Robert Newman who was only there for six weeks. He had a falling out with Alexander Haig who was briefly Secretary of State. The third ambassador in my tenure was Dick Murphy, who was a career and a very highly regarded Foreign Service officer, and who was had been already ambassador to Syria. At the time I arrived in Saudi Arabia he was ambassador to the Philippines and ultimately came there after Bob Newman. Because we had a lot of ambassadors coming and going, I logged a lot of time as charg#.

I sat through two sessions where the arriving American ambassador presented his credentials to the crown prince who was Fahd. On both occasions there would be a little private meeting afterwards which was rare. They didn't do this for many ambassadors, but always for the American, maybe for a few of the Europeans. He made, Fahd made

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the same point both times. He said, "Look, whenever you have a policy question about U.S.-Saudi relations, you come to me. If you have a policy question about oil affairs you come to me." And we did and he absolutely had the last word. Oil policy was Fahd's policy and it was certainly in the service of the kingdom, but on a couple of occasions when there was going to be a particularly crucial OPEC meeting when there was an inclination on the part of some of the more rabid elements in OPEC, often the Iranians, to push for further reductions and quotas to raise prices which were then already in the \$30 range even higher we'd have instructions to go to the Saudis and try to persuade them to take a more moderate position in OPEC. Fahd always responded, always because the American president asked him to.

The other dimension that took up a lot of time was the security side, which was of course was the other half of the strategic relationship. Prince Sultan who is still defense minister of Saudi Arabia and number three in the order of succession right after Crown Prince Abdullah, was the defense minister while I was there and had already been for about eight years at that point. He was constantly being approached from various angles by the U.S. military to broaden the relationship to allow us to establish a forward headquarters there, to go into more joint training exercises, to have short term deployments, which he always turned down. On one occasion he was kind of exasperated and said, "I understand why you want this and you'll have to appreciate that it's not something that we can do. I want to assure you beyond any shadow of a doubt that the military cooperation between the United States and Saudi Arabia will continue at its present level and in the event that there's some development that requires you to deploy forces we will welcome them. They will be able to use every facility that we have. We will turn over whatever you need. You know our bases better than we do because it was your Corps of Engineers who built them" which was true and that of course was ultimately happened in 1990 and Sultan did exactly what he said he would do.

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*Q: How about were there any other developments there that we should cover before we move to moving back to Washington?*

PLACKE: That's kind of the highlights. I guess one of the lowlights was a visit by Secretary Haig. This was shortly after the Reagan administration was formed and Haig's first foreign trip as Secretary of State was to the Middle East and he made the usual rounds including Riyadh, which in those days was on everybody's itinerary because of oil and money. He was not there about oil and money; he was there about politics and the U.S.-Saudi relationship. In his staff this notion had been conceived of the strategic partnership and the object of it was - once you got past the smokescreen - was to try to form a relationship with the United States at the center and surround it by Israel and the conservative Arab states. This was what Haig was trying to sell to the Saudis. Crown Prince Fahd who was the de facto head of government gave a dinner for Secretary Haig and this was the main object of the exercise of the dinner. Fahd who was, as most Arabs, unfailingly courteous and certainly as host would be, listened to all this and indicated that he had understood what the Secretary was saying. Well, we were put up in the brand new guest palace. It was the first group of official visitors that had come to the palace, which was a magnificent structure that had just been finished in Riyadh. We gathered afterwards, of course, as you would expect. The Secretary's party could not have been more pleased or more self-satisfied that they'd really put it over on these Saudis. This was in the bag. What they didn't understand is what I was not able to make them understand is that Fahd hadn't agreed to anything. He simply said, "Yes, I hear you", which is not yes, but because he didn't say no, they thought that they had really snowed him. Well, unfortunately that tenure was reasonably brief and that went away with it. [Editor's Note: From April 4-12 Secretary Haig visited Cairo, Israel, Jordan, Saudi Arabia (April 7-8), Italy, Spain, United Kingdom, France and Germany.]

*Q: In '82 you left and came back to Washington, is that right?*

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PLACKE: Right. Came back to be Deputy Assistant Secretary in NEA. In those days there were four deputies and each of them got a war. My war was the Iran and Iraq War. Things had evolved since the war began in September of 1980 when I was in Saudi Arabia from where I had a view from sort of nearby, but not any direct involvement. Now it became much more of a direct concern.

We had a briefing every morning by INR and the two INR briefers who brought me up to date on what had happened were there when I got to the office. The Agency, NSA, and others also paid the war a lot of attention.. Then I kind of became the manager, was in fact the manager of the American policy dimension of that war. Well, one of the little sidelights is Larry Eagleburger who has been undersecretary for political affairs called Nick Veliotis who was the Assistant Secretary for Near East affairs at the time and Nick took me along to the meeting and a couple of other people and said, "Look, we've got to think of a way to manage this activity better. It's becoming a threat to our regional security interests", which it was. The policy on both sides was beginning to attack each other's oil shipments in the Gulf and it was becoming more and more of a headache. The Iraqis were using, Mirage F-1s and missiles. The Iranians didn't have anything comparable to that so they were tending to go at it with small gunboats and mines and that sort of thing, but it was becoming a real hazard. Shipping rates were going up because of much higher insurance rates and generally making everybody uncomfortable, not least of whom were the Saudis. So, Larry said, "Look, we've got to figure out a way to get a handle on it, at least the Iranian dimension of this. Isn't there something we can do to starve the Iranian military machine?" Out of that meeting was born the staunching operation, which became known in the press, in the U.S. press and I think I guess internationally as well, became known as Operation Staunch. It came from some press guidance I had written after the meeting talking about staunching the flow of arms into Iran, which then became the fairly significant U.S. policy initiative. We hammered on everybody. We hammered on the Europeans. We hammered on the Brazilians, anybody that was in the arms business with the Iranians.

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We sustained it; it was a very concentrated and sustained effort that ultimately had some effect.

Rafsanjani, during the time he was president after the war was over, on one occasion in a speech said that the main reason that they ultimately had to make a truce with Iraq and could not prevail in the war was because they couldn't get arms. The policy, which I would say Larry Eagleburger who is really the author, ultimately I think filled its purpose. Well, just carrying out that activity, took up a lot of our time. As always NEA was staffed with extremely good officers and had good support in trying to get that done. I had, I was out of that position by the time it happened, but a turning point really in our whole policy toward the Gulf came when Kuwaiti shipping particularly became a target of the Iranians and the Kuwaitis did what was called reflagging and that is registering their maritime particularly their oil carriers as U.S. flagged vessels and thereby eligible for U.S. naval protection. That was kind of the beginnings of the Fifth Fleet in the Gulf. My contribution in the same sense was to put forward the argument that it was pretty clear that Iran was a much greater threat to our interests than Iraq and that within limits we had a parallel set of interests, not identical by any means, but a parallel set of interests with Iraq in the region because they were the military barrier to expansion of Iranian revolutionary ideology and at that time. Ayatollah Khomeini was very much intent upon spreading by force if necessary the Iranian revolution as an Islamic revolution. The Iraqis being a secular society were opposed to it and also because it would cost them their country.

The Iraqis in the summer of 1983 sent a new head of their interests section to Washington [Editor's Note: Reference is probably to Nizar Hamdoon, who replaced Zuhair al-Omar as head of the Iraqi Interest Section sometime in second half of 1983], with whom I got well acquainted. He came here with a knowledge of English, but not fluent, but within six months was going toe to toe with Ted Koppel on ABC News' Nightline to give you some idea of his dedication as well as his ability. I would say one of the best, if not the best diplomats that I've met in my entire career, very good. Well, to make what would be an indefinitely long story a little bit shorter, it became accepted in Washington that we had

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a degree of parallel interest with Iraq and we ought to try to escalate and normalize our relationship and that was something that the Iraqis were interested in. Saddam Hussein in those days was making some of the right noises. He gave a speech that was very prominent at the time about the Palestinian-Israeli confrontation and changed the Iraqi position, which had been absolute rigid rejection. They had been part of what was once called the Arab rejectionist camp which included Syria as well, changed it completely and said, whatever the Palestinians agree to, we will support. It's their issue, it's their interest, they are the ones who primarily have a stake and we will accept whatever they agree to. Well, that was a significant step in the right direction as far as the United States was concerned. It helped a lot. The other thing they did was get rid of Abu-Nidal who was the sort of number one terrorist at the time. They had given him refuge in Baghdad and after the process of normalization was complete and the announcement of full diplomatic relations was made, Secretary Schultz invited Tariq Aziz who was his Iraqi counterpart as foreign minister and also deputy prime minister to lunch at the Department and I was there and had the opportunity to ask [him] why they got rid of Abu-Nidal because that enabled us to take him off the terrorism list which they thought we couldn't have government relations if they were going to be on the terrorist list and they were right and we didn't have any disagreement with that, but doing it was another matter. Getting rid of Abu-Nidal was critical for that, so I asked [him] why they chose to do that expecting that he would say something about creating the right atmosphere between the two sides. His answer was very interesting. He said, "Because we realized that we couldn't completely control him and that he was doing things that weren't necessarily in our interest so we got rid of him."

*Q: How did you go about staunching the flow of arms?*

PLACKE: By publicizing what we knew about the activities of other governments who were supplying arms. Iran was pretty widely regarded at the time as an international bad man. Not only because of the hostage taking, which of course was a major threat to conventional diplomacy anywhere in the world, but the ideology that Ayatollah Khomeini was promoting and trying to export as an Islamic revolution. That was pretty disturbing to

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certainly the OECD group of countries and I think world widely. So, well other governments in some cases were interested in providing weapons that would be used in the Iran and Iraq War. They didn't publicized it. So, our principal weapon was simply publicity and we would make announcements and fairly regularly talk publicly about things that they wanted to maintain quietly in the background and Dick Fairbanks who has been Ambassador at Large under Secretary Schultz was assigned the task of providing us the diplomatic fire power to go in at senior levels in other government's foreign ministry, prime ministry occasionally, and have a heart to heart talk with them about how we saw our interests and how what they were doing was not consistent with those interests and let them draw their own conclusions as to what the consequences might be. We did a lot of that. On one occasion the British DCM was called in to meet with Dick Fairbanks and the Iranians had bought under the Shah a large number of Centurion tanks from the UK which were one of the superior tanks of the day, and of course the Shah always bought the best, F-14s from us and Centurion tanks from Britain and so on. The issue was supplying tank engines as spare engines or replacement engines for the existing inventory of tanks that had been sold to the Iranians. We had this bizarre conversation where his brief was to persuade us that a Centurion tank engine had no lethal properties about it unless you happened to drop it on your foot. Apart from that it wasn't going to do anybody any harm. So, we pretended that we understood this and he pretended that you know, he had persuaded the American government that it was too dumb to recognize that a tank needed an engine in order to do anything, but the deal was, okay, we recognize that we can't prevent you from selling these engines. Their argument was this is a preexisting contract. We have an obligation to fulfill this contract and also their contractor happened to be important and going to make a lot of money out of it, but that would be the end. Once that contract was fulfilled they'd cut it off altogether, which they did. So, you know, we were doing those kinds of things with a lot of different countries.

We approached the Portuguese on a couple of occasions. The Portuguese were selling large caliber artillery to the Iranians and on Dick's maybe second trip to Lisbon - he would

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go over to Europe periodically, go around to all the capitals and give them our latest version of the story. In Lisbon, I think it was the second time around, they finally said, "Ambassador Fairbanks, we must be candid with you. We're going to continue to sell the Iranians artillery because it is very important to us commercially." At least it was candid.

*Q: Did we in a way retaliate to a certain extent by making it, in other words?*

PLACKE: We didn't threaten anybody with sanctions or anything.

*Q: No, but I mean would we have somebody call in Seymour Hirsch of the New York Times or something like that?*

PLACKE: We'd just do it in the regular Department briefing. I usually wrote the press guidance myself.

*Q: You left that job when?*

PLACKE: I left it in 1985. During this tour there were a lot of other interesting things that happened. The first Saudi astronaut was launched. The relationship with Saudi Arabia was always a subject of great interest and concern. Prince Bandar who is to this day the Saudi ambassador in Washington and has been the military attach#. I knew Bandar in Saudi Arabia when I was DCM and just keeping track of the Saudis, keeping track of the Iraqis, keeping track of the Iranians, that was pretty much of a full time job.

*Q: I was going to say. How did you find Prince Bandar, he became sort of a power to himself. At this point he wasn't?*

PLACKE: No. Certainly not while he was actually,...he became an ambassador while I was still in the Bureau. When I came in he was military attach#. The last thing I ever want to do in my life would be the chief of mission in a place where Bander was the military attach#. Everybody knew who the real ambassador was and it was Bander. Bander cut his teeth on diplomacy in 1978 in the first F-15 sale to Saudi Arabia and actually worked very

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closely with Ambassador West who was,...this was before I was involved in Saudi Arabia and came back here and was here for several months. He and Bander together worked the Congress and got the deal through against a lot of opposition. So, that was a constant theme at the time I was in NEA, arms sales to Saudi Arabia, which were vigorously opposed by AIPAC [American Israel Public Affairs Committee, see: <http://www.aipac.org/>] and their sympathizers on the hill. In fact I can remember when the subject was AWACS [Airborne Warning and Control System] [the] Prime Minister saying, "And if the Saudis have AWACS, I don't even know what I'm having for breakfast."

*Q: Did you find that the Israeli AIPAC, how did you find their impact on it?*

PLACKE: Well, they successfully blocked for some years the second trove of F-15 sales to Saudi Arabia and the Saudis were also beginning to develop an appetite for F-16s which were completely off the menu and, of course, subsequently have been sold. It was a real struggle over AWACS and actually it was Senator Cohen who subsequently became Secretary of Defense and was then a senator from Maine who cast the vote that put the AWACS sale approval over the top.

*Q: Well, I would have thought with AWACS being such a complicated system that this would be hard to man by the Saudi military?*

PLACKE: Well, it was manned by American contract personnel who were former U.S. air force. The first AWACS was delivered while I was still in the Bureau, so I actually saw them operating out of Riyadh. No, I'm sorry, let me take that back. They were not Saudi AWACS at that point. They were American AWACS that had deployed there in the context of providing protection for air defense for Saudi Arabia. We had an AWACS detachment as I recall for aircraft deployed to Riyadh which was a big deal at its time and the Saudis saw this equipment, saw what it could do, there was always one or more Saudis on every mission and that's what gave them the appetite to get these things for themselves. They

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ultimately acquired AWACS, which they managed to absorb in their order of battle and successfully operate themselves.

*Q: Well, is there anything else you should cover do you think?*

PLACKE: Well, the only I guess we should wrap up sort of my Foreign Service career and then I would like to talk a little bit about OPEC, it was sort of a separate issue.

*Q: Sure. Okay, well, then you left that job in?*

PLACKE: I decided, I turned 50 in June of 1985 and had begun to think seriously at the beginning of that year what I was going to do for the rest of my life and concluded for a variety of reasons that I was going to opt for a second career. Having made that choice realized that the sooner I did that the better if I was going to be serious about this because it was pretty clear that when you got past 55 or so you were of much less interest to prospective employers. I had originally thought about it, I suppose, because of having had a career in government service, as an employment change rather than anything else. What I ultimately did, well, to complete the story, I told Dick Murphy who by that time was back from Saudi Arabia and was the Assistant Secretary for Near Eastern Affairs on what I intended to do and Dick was kind enough to try to dissuade me from that and said, "Well, if you hang around you can get an appointment one place or another" and probably in time that would have occurred, but it was not an immediate prospect. I was very fundamentally dissatisfied with U.S. policy toward the Arab-Israeli issue particularly under Secretary Schultz and for a variety of reasons also I felt that I really needed to enhance my financial position which I didn't see happening in the Foreign Service. So, for those reasons I decided to opt out and announced to everybody who needed to know that by the end of the year I would retire. So, I left the Bureau in November of 1985. I have forgotten what it is called now, sort of post-employment seminar?

*Q: Well, anyway, they tell you how to go about getting another job.*

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PLACKE: Right. Up until that fall the Retirement Seminar that had been available to people who were being kicked out for time-in-class, but then the policy changed and it became available to anyone who wanted to take it and so I took it and found it really quite helpful. I didn't find the sort of employment opportunities that I was looking for. I was talking mostly to banks. I thought that might be where I would fit in. A lot of people were interested in my background and who I knew and who I could introduce them to or who I could get deposits from and that sort of thing which wasn't what I had in mind. It evolved in such a way that it became clearer that what I could do would be consulting about policies, practices and so forth in the Middle East to the community of American firms that were interested in that question which included of course principally oil companies, banks and arms manufacturers. I did work for all of those categories from time to time, so I became an independent consultant. Dick Fairbanks who I referred to earlier when he was ambassador at large, had left that post that fall several months before I did. As he was a political appointee, timing was important. I didn't actually retire from the Service until January 3, 1986, which was the end of the leave year, and it's tidier if you do it that way than any other way, so I did. When Dick became aware that I was planning to leave, said, "Look, I'm here with Paul Hastings" who is now head of the national law firms, "part of what I want to do is build up our international practice and if you could help us in that regard, so why don't you come over here and we'll give you office space and support and so forth and you can work with us part of the time on that aspect of things." They treated me very well and having the cushion of a free office with full office staff support, access to a library and all of those things was really a big plus and part of the reason I think while I was an independent consultant for five years really did it pretty successfully. It worked out as well and perhaps even better than I might have hoped. Along the way I became acquainted with what was then quite a new company called Cambridge Energy Research Associates, the chairman of which was Dan Yergin who in the late '80s brought out a book called *The Prize* which was the history of international oil. It is the best history of the international oil business.

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*Q: A good TV documentary came from that book...*

PLACKE: Well, you're going to see another one because Tuesday night Dan had a large reception downtown for his next book which has just been turned into a TV series, *Commanding Heights* and that's going to start being shown on PBS [Public Broadcasting Service, see <http://www.pbs.org/>] in about ten days. He's repeating that. I don't think he'll get a Pulitzer Prize for this one, but it is also a very interesting analysis. Dan is a lot of things. He still is an academic, historian, he's graduated to guru status as far as the oil industry is concerned and along with all of this he is just a terrific guy personally, very unassuming and down to earth and extremely bright which is why I enjoyed working for Cambridge Energy then full time for ten years. After the Iraqi invasion of Kuwait in 1990, Cambridge Energy began to take up so much of my time that I didn't have time for other clients so I joined up as a full time employee.

*Q: Well, you said you wanted to say something about OPEC Organization of the Petroleum Exporting Countries, see: <http://www.opec.org/home/> ?*

PLACKE: Yes, that was kind of, in looking back over my career that's probably one of the central themes. I was in Baghdad on my first assignment when OPEC was formed there in September of 1960 and had the opportunity to see that event and participate in evaluating it from the standpoint of American interests. We didn't give it a whole lot of credit at the time and I don't think even in hindsight that that was a mistake. I've always been sort of an OPEC skeptic and the first ten years OPEC really spent picking around the edges trying to enhance the government take from oil revenue in various ways given the old concession system, which was dominated by the international industry at the time where a company or more commonly a consortium of companies would gain the rights to explore for and develop oil and gas largely for and often for the whole country as Kuwait Oil Company had in Kuwait, Iraq Petroleum Company, Aramco effectively had Saudi Arabia and that was the pattern. It was the pattern that was broken by the Libyan oil negotiations after the Libyan revolution that I think I referred to earlier that really changed the character of

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the international industry fundamentally. That was an event that must be one of the more significant economic developments of the 20th Century.

It kind of got lost sight of because nobody thinks of the Libyans as begin trendsetters and particularly and for the most part they aren't. The negotiations that had dragged on between the new Libyan government and the oil companies for about a year or so were finally brought to a conclusion by the Libyans picking a tactic that certainly proved to be effective. They looked at the companies and decided the weakest sister was Occidental. Occidental was just a small regional products distributor when Armand Hammer bought it in California and it became a real oil company and a recognized name because of very large discoveries that they made in Libya and were on their way to becoming the lead producer. So, the Libyans simply said, "Look, these are the terms, this is the deal, if you don't agree to it we're just going to progressively cut back your production." They announced immediately a significant cutback I don't recall exactly what it was, but it was around 50%. Well, within weeks, Occidental came to terms and the rest of the industry, which planned to resist, but ultimately, realized they couldn't, fell into line. By the time I got back to Washington, well then there was the Washington Energy Conference that I referred to which was kind of another consequence of OPEC developments and at the time I got back to Washington OPEC had become a very different organization. It's been a feature of my post-Foreign Service career as well. I have a terrific graphic, which shows the real price of oil over time from 1970 and plotted against that our political events and all the peaks and valleys on this price graph are related to some political event. The Iranian revolution, the Iran and Iraq War, the Iraqi invasion of Kuwait, Saudi Arabia rejecting the role of the marginal supplier in 1985 when their production dropped below two million barrels a day down to ten. All of these things that OPEC took credit for and built this myth that it really controlled the oil market and set the oil price. It's politics.

*Q: Well, Jim, I thank you very much. It's been great.*

PLACKE: Well, thank you. You've been patient in listening to all of this.

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End of interview