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

MORTON A. BACH

Interviewed by: Charles Stuart Kennedy
Initial interview date: May 21, 1999

TABLE OF CONTENTS

INTERVIEW

Q: This is an interview with Morton A. Bach. This is being done on the behalf of the Association for Diplomatic Studies and Training. I am Charles Stuart Kennedy. Could

you tell me when and where you were born and something about your family?

BACH: I was one of the few officers born on the island of Manhattan. Whenever I arrived at a new post, people would say, "And where were you born" and the usual questions. I said, "I was born in New York and after eight months I didn't like it and we moved away."

Q: What year were you born?

BACH: 1904.

Q: What was your family doing?

BACH: My mother was born in Waterbury, Connecticut; my father in New York City. My father was in the clothing business. During World War I, they were a major contractor for uniforms for the American military.

Q: You say you moved off of Manhattan. Where did you move to?

BACH: To Westchester County.
Q: Where did you go to grammar school?

BACH: In Mount Vernon, New York. After many years in and out of Mount Vernon, family members passing around, the usual adjustments, my mother was alone and we moved her down to New York City, where she had some longtime acquaintances and some of the remnants of the family that were still living.

After World War I, my father was no longer in the clothing business and was with New York Life Insurance Company.

Q: But you were still living up in Mount Vernon?

BACH: Yes, and then we ultimately ended up in Connecticut because of family connections up there.

Q: I'd like to get a little feel for schooling in this period. Talk a little bit about elementary school - what it was like, what you enjoyed about it?

BACH: I had two sisters. We would always walk up to school. On the way, a classmate who was of French parentage and lived in a big house would very often invite us in and their French maid would do Punch and Judy in French - my initial exposure to a foreign language other than German. We were longtime friends. I think my grammar school days were relatively uneventful, except maybe I was a gift to the medical profession with a series of all sort of ear trouble. In athletics, I managed to tear cartilage in my knee and had that taken care of. Those were sort of the highlights of the grammar school days.

Q: Did you read much?

BACH: Yes and no. The family went out of their way to buy Dickens, Shakespeare, and the like.

Q: The Book of Knowledge?

BACH: Oh, of course. Then in high school in Mount Vernon, my early exposure to negotiations and public speaking (I hadn't thought about this in ages.)... In one of our classes, we were assigned speaking programs in front of a fairly sizeable class. I selected the subject of selling toothpaste. What had influenced me was, I had read an advertisement which said that the Kolinos Toothpaste would be happy to send samples. So here I got up and presented my oral explanation why Kolinos was the best - and I gave out samples, of course. Lo and behold, one of my classmates happened to be the son of a family dentist and he had selected the same subject. I'm trying to remember what kind of toothpaste it was. But we had a lot of fun and laughed a lot over that.

Q: What was Mount Vernon like? Was it a place where immigrants were or were they mostly native-born Americans?

BACH: Most native-born Americans. It was a relatively small village. Then it expanded. My father became a city supervisor. In visiting with my remaining younger sister, we would get into political discussions. I said, "I can't remember whether Dad was a republican or a democrat." Lo and behold, my sister brings out a paperclip with a picture of my father at the time he was elected and he was a democrat. I was arguing the other side.

Q: While you were in high school, World War I was just over.

BACH: Yes. At the time of World War I, I was very anxious to do something. Our family dentist was the scout master of the troupe in the neighborhood. I called him up one evening and he said, "Come on over." He handed me some ropes and said, "Start tying knots." I failed miserably, but corrected that thereafter. But my major effort at that time was selling war bonds. I received a commendation. I don't know how many I sold. They did all sorts of things of that nature at that time.

It was a small town rather than a big city.

Q: Was there any anti-German feeling at the time?

BACH: No, but my future wife, who was born in Minnesota, her mother was a schoolteacher and objected strenuously when the powers that be decided they wouldn't be teaching German. She succeeded in bringing them around. But as far as German, in my life during that period, I don't recall any. In fact, there was a well-integrated community. Two of our high school star athletes were African-Americans. Yes, there were small mom and pop stores in which high school colleagues of different political

origin took place.

Q: Were you pointed towards anything? Had your mother and father gone to college?

BACH: No, they had not.

Q: That was very typical for the time. Mine didn't either.

BACH: When I graduated from high school, I was very anxious to go to college.

Q: This would be about 1922.

BACH: Yes. This was the transition, if you will, of my father terminating his earlier interests and getting established in the life insurance business. The family informed me that they weren't able to swing it.
Q: So what did you do?

BACH: I attended New York University downtown in New York City, where I later went... I ended up on Wall Street.

Q: You say your family couldn't afford to send you to college. Were you going to night school at New York University?

BACH: Yes.

Q: While you were working on Wall Street?

BACH: Yes.

Q: What were you doing on Wall Street?

BACH: I was an arbitrageur on the trading desk of a small international brokerage firm that had its main office in London and the office in New York.

Q: Arbitrageur, I've heard, is a fancy word. What does it mean?

BACH: To bring it up to date (and I've had many occasions to try to delineate the specifics in recent years), in the old days, arbitrage was a trading technique. If there was a spread between equal elements, one tried to take advantage of it. If it did not exist, you did not do it. Today, arbitrage as an original concept has eroded into the gambling aspect of arbitrage where you would take a position and hope that the other side was overnight or otherwise might materialize to your advantage. Of course, today, all we read about are derivatives, which is a highly sophisticated type of what was originally arbitrage. But it was a small firm. They were related to one of the standbys that is still around, Lehmann Brothers.

Q: The Lehmanns were very big in New York, anyway.

BACH: They were.

Q: One was a governor of New York.

BACH: Yes. I was on the floor of the New York Stock Exchange on Black Monday in 1929.

Q: In 1922, you were 18 years old. You went up in a small firm dealing with really a very highly sophisticated form of... What were you doing?

BACH: One started in those days as a runner, which seems so archaic when you think of what happens today. This would be delivering securities or picking up checks in different places. One knew where every turn was located. I developed connections there which materialized later, if you will bear with me. After the crash, the firm (The name was Colvin and Company.)... The partner were relatives of the Lehmanns. They were taken over by another firm, which had a full complement of people on the trading desk. I branched out on my own. Since the out of town business was prevalent at that time, I connected with a Chicago firm to develop or to expand their out of town business. This was a firm by the name of Babcock Rushton. They had a New York office, Chicago (the main office), and a Des Moines office. I would go around contacting various firms to solicit their out of town business, which was rather interesting for quite some time.

Q: When you say "out of town," you mean going to...

BACH: I am sorry. You are quite correct. What I meant was, not New York business. There was a Chicago stock exchange and there was a Des Moines stock exchange in those days. There would be stocks that would come in. Mr. Babcock was a specialist in stockyards securities and stockyard securities turned up in various banks as investments. When they wanted to liquidate, they would look around for a Chicago connection for that particular type. That firm also was taken over.

The last firm that took over was very pleased that I was coming on board. The clientele that I had were the cream of Wall Street: Kuhn Loeb, Lehmann [Lehmann Brothers], and Lazar Freres, etc. At that stage, I decided after a long soul-searching that there was no future for the security industry and I decided to part company.

Q: This was about when?

BACH: This was in 1938-1939.

Q: We're still talking about the height of the Depression, too, at that point. Were you married at this time?

BACH: No.

Q: So you were sort of free to go where you wanted to.

BACH: Exactly. This all leads up to international affairs.

I overlooked one thing. One of my early jobs after high school was with a classmate. I worked for B. Altman, the dry goods firm, in New York City. I didn't like that. I eventually moved to another firm. I was three years with a textile firm. They underwrote the activities of factories and they would act as the sales and financing element of these factories, some in Alabama, Tennessee, and the Carolinas. I was in their New York office. As salesmen would come in with the results of their calling on different big wholesale firms, I was in the credit department. We would monitor the results and the financing. When talking about this, you all of a sudden remember things that you glossed over.

I'm now ready to go into international...

Q: Had you any international experience? For example, Bach is a German name. Had you learned German at home?

BACH: Some. My grandmother and grandfather, when we would go up to visit them in Waterbury, would speak German and English. My grandfather was treasurer of the City of Waterbury, Connecticut. There was always a family tale that on election day, my grandmother would be very unhappy because he would get up very early and depart with a pocketful of cigars. When he would come home, she could smell spirits.

Next door in Mount Vernon was another classmate, Ferdinand Kuhn. Ferd Kuhn's father and my father were boyhood friends. Ferd was a top-notch newspaper man. He graduated from Columbia and was with The New York Times in New York and London. As World War II was breaking out and I was desirous of doing something, I read that Ferd had been brought in from London and had been made an assistant secretary of the Treasury. So, I contacted him.

Q: This would have been in the Roosevelt administration.

BACH: Yes. This was fruitful in that I asked almost anybody who had had financial background, having been on the street that length of time in trading and so forth, and an affirmative reply came. I went down and I was interviewed. At that time, one of the lesser known activities of the federal government was in what was called foreign funds control of the Treasury Department. This was a group of elite financial experienced officers who together with the Brits was conducting economic warfare. I was immediately tagged to be the Treasury member of the interagency committee, which met twice a week with the British and several branches of the Executive. It was chaired by the State Department, but Treasury was a very important component of that operation.

Q: We weren't in the war until 1941. This would be 1939. So you probably went into the

Treasury Department around 1939 or 1940?

BACH: Yes. I came down to Washington in 1940. It was a fascinating period. Here Treasury had a role that was rather unique. Under an assistant secretary who recently passed away, John Pehle, we had a top-notch group. We were focusing on the neutrals and Latin America. That is all we had to work with at that stage because of world events.

Q: The Secretary of Treasury was Morgenthau. Did he play any part in what you did?

BACH: No, not directly. He had delegated the authority to the assistant secretary, Mr. Pehle. It was a combined operation with the Legal Division of Treasury in which, among others, was Harry Dexter White. We used to joke, saying the economists handled the legal problems and the lawyers handled the economic problems. We were a very closely interrelated operation within Treasury.

Q: Can you explain what your group, along with those from the State Department, was doing?

BACH: Our basic authority was the Trading with the Enemy Act, which was legislated. A provision of that act gave us authority where we had reasonable cause to believe, which is a nice phrase, but it gave us latitude. We were able to, on the basis of reports coming in from Foreign Service posts who were cognizant of the activities of the Japanese, the Italians, and the Germans, who it was fairly obvious were on one side and we were on the other side.

This entailed working very closely with the British because their embassies also were sending in reports to London and copied to Washington. The authority gave us the ability to analyze, pick apart, and then use that reasonable cause of belief. If we so decided that they were outstandingly (I use that word advisedly.) at that stage acting on behalf of the Axis powers, we had authority to block their assets, to freeze their assets, in the United States and in London.

Q: I've interviewed many Foreign Service people during this time and they are running around Latin America working on a black list of who was trading with the enemy. But looking at the map of the world in those days, you have Latin America, the Atlantic Ocean, lots of naval vessels. I often felt that an organization in Brazil might want to trade with the Germans, but how the hell could they get their stuff there?

BACH: I've just gotten to the point of freezing. That would allow us to put them on the black list. The black list was disseminated to all of our missions. If Embassy Brazil, to use your example, determined that... We recognized that they had to trade, but if they were doing outstanding trading, particularly in strategic materials or acting in the financial area on behalf of an enemy (sic), we would emblazon their names on the black list.

Q: I would think that there wouldn't be anything in any-

BACH: To give you background, you had to recognize that there was a huge German population in Argentina; there was a huge Japanese population in Peru and Brazil. They were candidates for watching. If they...

Q: In very practical terms, could there be much trading? You might have all the bauxite in the world, but how from Brazil can you get bauxite into Germany?

BACH: I'll come to that later. This was a great background for the way my activities, assignments, and career evolved. There were times when there would be a political case that State would come into the weekly meeting and say "This is of utmost urgency that we act on this case. Having said that, would the members please vote?" Usually, the Treasury Department would say, "I withhold my approval until I get a little more explanation, background." Very often, the blood had been spilled by the time I got back to the Treasury Department. I was in the front office.

Q: What were the issues and why would Treasury take one side and State take another?

BACH: There wasn't a difference in the ultimate objectives, but it was the means of achieving our wartime objectives in terms of the overall objective. I was there until 1942 and then Treasury asked me to go out to Honolulu to head up the Treasury office. The head man was desirous of coming back.

Then the draft board exercised its option and I found myself at Fort Dix, New Jersey.

Q: What did we do about Swedish firms? The Swedes were sort of trapped.

BACH: We would meet periodically with representatives from Sweden, Switzerland, Spain, and Portugal, and, in the early days, officials from Finland. They all were so actively involved. The big Swedish bank and the Wallenberg banking family, we knew they had to trade, as was also the case of Switzerland.

Q: With Germany, yes.

BACH: I'll get to it in a minute.

Then I found myself at Fort Dix and went through all the examinations and so forth. As I would say, the whistle blew and the cattle would accumulate and then be shipped off to this or that training center. Yours truly was not included. This went on for the best part of one week, during which my main occupation was peeling potatoes. In the daytime, I went up to the sergeant and said, "You people are trying to sell war bonds and veterans insurance. I was with the Treasury Department. Maybe I can help you out," which I did. So, one day, the whistle blew and there was only one man, yours truly. They handed me a ticket for the San Francisco port of embarkation. I was on a train with the 27th Division all geared and ready to go to war. I hadn't done anything. I hadn't even broken in my shoes. I hadn't even seen a gun. So, I was assigned to Angel Island, which is out in the

Pacific alongside of Alcatraz. That was a staging area for the pacific.

There, they would wake us up at night and we would go on seven and 10 mile hikes with my brand new shoes and do other exercises, including climbing up rope ladders on boats and the like. Then, two days before the 27th went to Guadalcanal, the Army discovered me. Because I had achieved an above average IQ test at the time at Fort Dix, I was assigned to counterintelligence, with headquarters in Honolulu.

Q: So you got there in 1942.

BACH: Yes.

Q: How long were you there?

BACH: Two years in Hawaii, part time in civilian clothes and part time in uniform, moving around the islands, doing what counterintelligence people do. I got out as far as Christmas Island. It would have been quite an experience, in retrospect, if they hadn't discovered me, what they would have done with a surplus GI in Guadalcanal. Then there was a regulation that came out that said... I forgot to mention that I was deferred earlier from the draft because I was supporting my mother. The regulation said that people 38 years of age and older could go back into the U.S. defense industry and activities. Of course, Treasury doing what it was doing, they immediately said, "Come home," which I did.

Q: You were doing counterintelligence work in the Hawaiian islands. Were we paying particular attention to the Japanese population?

BACH: Oh, very much so. Also, I worked part-time in the office to which I was having to help out the people, which was the Foreign Funds Control Office. I returned to Washington. At my “old” desk, the cables would come by and in came a cable from the minister in Switzerland that there were two officers who, according to the regulations at that time were subject to the regulation that if you married a foreigner, you had to notify the Secretary and at the same time tender your resignation. Well, one of the officer's resignation was torn up. That was Mac Godley.

Q: Later ambassador to the Congo.

BACH: The other resignation was accepted. So, I went over to the State Department and said, "I am your man." They were very anxious to get both Ralph Getsinger and Mac Godley out and all of the other officers (I was one of the earliest.) that went in in November 1944 to Bern, Switzerland.

Q: Before we go to Switzerland, I want to follow one thread through. While you were in counterintelligence, could you talk about dealing with the Japanese ethnic origin people in Hawaii? You have this great exodus and putting in concentration camps of the Nisei in California and here is our most vital place in the Pacific with a large Japanese ethnic

population and they didn't.

BACH: What we did do, not in the population side, but we vetted all of the Nisei who went into the U.S. army. They stood up in long lines waiting to get in.

Q: Was there a problem with the Japanese?

BACH: There was a latent impression. I don't recollect any individual or groups being picked up. That may have transpired before I arrived in the earlier stage right after Pearl Harbor.

Q: While you were there, you weren't uncovering-

BACH: We were watching certain groups and individuals and particularly their business activities.

Q: We move ahead to 1944. You were assigned to Bern as what, treasury attache?

BACH: No, I went out as a Foreign Service officer. They wanted to give it a Foreign Service complement. At that time (and I will get up on my little soapbox that I conduct lectures down at DACOR to this day), the legation was a relatively small operation. We had a minister, a DCM, two political officers, two economic officers, a general services officer, and an administrative officer. I arrived. This, I think, is rather interesting only because of the way it developed. The legation was in a series of private homes. The chancery was on one street and then about a block and a half away, there were three private homes in which different elements of the legation functioned. Then around the corner, there was still another one. I give you that as background for later. My office was on the second floor. All around the baseboard of the office was a series of shoe boxes in which there were all sorts of papers. After the regular legation functions, I could pick up a couple of these boxes and found out that they were copies of cables that had been sent in by the branch offices of a firm in Geneva which was in the forwarding surveying business of maritime traffic. For example, a ship landing in a seaport in the Adriatic with (I'm coming back to your bauxite.) was of interest to Washington. But what had happened to all this stuff? I went on and on and on on this. It was just endless. Some of it might have been outdated, but nevertheless, it was something that I thought was worthy of exploration. Here we were, still at war and the movement of commodities... My later boss, Walt Butterworth, was doing preclusive buying down in Spain. I went into the minister and said, "I've found these things." He said, "Oh, yes, I am familiar with it. The British also received copies of the same thing from this same firm," which was a family enterprise. They were of Eastern European Jewish background. I said to the minister, "I'd like, with your permission, to call them up and introduce myself and see if we can work out something that would be even more productive than what they are doing." So, he said, "Sure."

So, I went down to Geneva. But first I went into our American consulate down there. I was greeted by the consul. I am glad to see someone from the head office. He said, "Don't

you people visit Bern and don't the people in Bern come down." No. Well, I put that in the back part of my head. I called on this firm. It developed into a very fruitful relationship. The type of information they gave us was more current and was even more useful than the background stuff, but it was a question of trying to put so much of the background stuff into despatches back to Washington for the intelligence people to pick apart.

Well, I went back to Bern. Then I thought it would be nice to call on the consul general up in Zurich. That was another one where it was sort of Hatfield and McCoy on various things, including what was public knowledge, that the two Busch sisters of Anheuser Busch, the beer family, were living in a hotel in Zurich and they still maintained their connections with family within Germany. Periodically, they would drive to the border, would be met on the German side and taken to their schloss up in Germany, which was contrary to the regulations at that time for American citizens to travel in enemy territory. But it was countenanced by the consul general himself. A little aside: he later married one of the sisters. The other sister offered her schloss to the Foreign Service. They turned it down. I also went to Bale (Basel). That was the beginning of a very fruitful exchange and also a good friend who was consul at that time, John Lehers. In all of this, I received a great break when the Curry mission (a major economist) from Washington came out. He was accompanied by one of my former bosses, acting director of Foreign Fund Control, Orville Schmidt. They lowered the boom on the Swiss during these negotiations, saying, "Taper off this large-scale shipment of munitions" that were being produced in the outskirts of Zurich at the Werkschaft Machinen Fabrik Oerlikon Bührle. Mr. Bührle is a former German who came down in the early stages of hostilities in Europe during a period when Hitler had decreed that no German could divest himself of German nationality. With his financial background and other influences, he became a Swiss. He had a big factory in Solothurn which was producing the 20 mm anti-aircraft guns which were shooting down our aviators and other factories producing fuses, etc. The war was still on. In Bern, you could hear the teacups rattling from the artillery fire in the Belfort gap. The Swiss were in reasonably good shape economically. The restaurants had plenty of food. We, the legation officers, were limited in our moving around Switzerland at that time by Swiss decree. They had no objections to our going to our consulates, but to call on firms with a possible investigative objective was objectionable to the Swiss. On Saturday nights, we would all congregate at the bar of the Bellevue Palace. At that time, Allen Dulles had his huge OSS operation. I knew so many of the people and they sort of assumed that I was part of it, which I was not. On weekends, no automobile traffic was authorized because of gasoline rationing. We also were under rationing coupons for food and household commodities (i.e., two chocolate bars per month, two eggs per week, etc.).

Before I divert from that, I have to come back to the Curry mission. As they wound up their business, Orville, with whom I had worked very closely in Washington, drew aside Eberhardt Rheinhardt, who was deputy finance minister (Swiss) and he said, "Eberhardt, isn't it wonderful how we Americans immediately adopt first names? (This was the first time they had met.) If you have any special problems, contact Mort (Bach)," which was a great honor for me. This all falls into place very neatly.

On weekends, the OSS people were the only ones who could drive, so groups of us, three or four in a car, would drive down to Geneva. By contrast, in the French part, rationing was a second issue. One could get a steak with a fried egg on it and up north the people were rationed two eggs a month. I give you that as background. One weekend, we went down to Dulles' big old Swiss house on the border in the Ticino on the Italian border. This is where he would negotiate the Italian surrender. But this weekend (I only went down once with the group.) coincided with one of the OSS people who was the son of our then American ambassador to London-

Q: Wynett, who was governor of New Hampshire, I think.

BACH: I'm not sure.

Q: I think so.

BACH: He carried the Ciano diaries across the border. Of course, they were published and all the rest.

This leads me up to the end of World War II. Then, it was a transition. I have to fill in. Not too long after I arrived in Bern, Washington set up what was called the Safe Haven Program, which was to focus on the assets and the proclaimed blacklist at that late stage and offer general assistance to the legation. This is an incident in which I participated. I won't say it was a top officer, but one of the legal officers by the name of James Mann... Jim was assigned to the Treasury office in London. As this Safe Haven Program evolved, they decided to move Jim over to Bern. There was no Treasury office as such at that stage, although there was the remnant of what had been a custom Treasury officer who periodically had a desk in Bern and that was it. He would contact the banks as I would contact the banks. Jim Mann had a press interview in London. What he was going to do to the Swiss was cut them off at the knees and bring them back into what was appropriate. You know how that went down - first with the Swiss public; then with the legation. Here I was an alumnus of the Treasury Department. Well, I think I had met Jim while I was in Washington, but not really for any great extent did we see each other. My early activities were "The impact of your speech has already been felt. Now you are a part of the American legation try to adopt a more subdued action and then do your thing within the parameters of diplomatic niceties." It took some doing and I did not endear myself to my legation colleagues. I went out of my way to be close to Jim, to further this modification, if any. Then there was this influx of officers of the Safe Haven Program. Naturally, as a finance/economic officer, I was assigned to it along with all of these other people. There were some very interesting periods.

First off, World War II ended and the army set up as a great assist to the Swiss economy: the 10-day $55 GI tour. For $55, the GIs had the choice. You could go down to the Italian part, go to the German part, to the French part, to climb the Matterhorn, etc. Here I was, on the financial side of the legation. The Swiss had only allocated spending money of $50. These kids with money in their pockets... They had no place to spend what they got. All they wanted to do was buy watches to send home or to use themselves, or cuckoo

clocks. I witnessed on the Jungfrau, which was one of the great tour attractions where you went from beautiful foliage and ended up in the snow, a GI bartering his jacket for Swiss francs. I came back and said to the minister, "Look, I've got to go down to the Finance Ministry. This doesn't make sense. These kids deserve more." I succeeded in getting them more spending money.

Q: What was our attitude before the end of the war about the Swiss system? Normally, a mission, a legation, an embassy doesn't like to upset the host government, so they don't get very tough. In the first place, you have Curry coming out and talking tough about "Stop sending these anti-aircraft guns and things over to Germany."

BACH: As background, Bührle was blacklisted right from the beginning. The Swiss said, "We cant' do anything to a Swiss." Let's face it, Switzerland was surrounded by enemy territory. We recognized that they had to barter. They needed coal and lumber and certain metals. The Germans needed their financing and armaments. They were producing fuses and all sorts of strategic material, including those 20 mm anti-aircraft guns. So, the Swiss knew our attitude toward that and they appreciated it. But they figured that, other than putting them on the black list, we weren't going to go in and destroy his factory or anything unswiss like that. We did recognize, to come back to your basic question, that the German part of Switzerland was not that enthusiastic about the allies. They were German-oriented. With the Italians, you could play... With geneva, they were more amenable because they were oriented toward their French connection.

Q: It was wartime when you arrived out there. Was there much talk or concern about Jewish assets at the time?

BACH: No, definitely not. They were in the banking business. Anybody that gives them money, great. They will take care of it. Their attitude was, it's wide open; you can buy or sell gold over the counter at the bank; anything of that nature; insurance policies and the like.

Q: Were we at all concerned about the numbered Swiss accounts as far as American war profiteers? As things started moving, you had GIs who were selling gasoline. There were fairly big black marketeers.

BACH: There were and we were concerned about it. I will lead up to one of the incidents. One day, an American called at the legation. They announced that he was downstairs. I asked him to come up. He said, "I am an American. I am very familiar with the regulations about sales and purchase of gold, but I would like to ask for legation assistance in selling some gold." So, I satisfied myself with his credentials. He was with one of the organizations working out of the concentration camps in Austria. He said, "I have some gold." I said, "Well, please tell me the nature of it and where it's located." He said, "It's located in two jerry cans in the back of my automobile parked in front of the legation. In it are dental fillings, wedding rings, and the like." I said, "Where did these come from?" He mentioned the concentration camps. So, I called the minister and said, "This is something we haven't heard too much about. I think we ought to help these

people. They are helping the victims out there in the camps." He said, "What do you have in mind?" I said, "I want to call the president of the Swiss national bank, explain to him what I have, and bring this man and his jerry cans down if you think we might do something constructive." The answer came back affirmative. They bought the gold with a caveat that the proceeds would be sent back to New York to the head office of the organization. It turned out this man was later Assistant Secretary of State for Refugee Matters. This was one of the earliest direct evidence of what was happening there.

Q: How did he get ahold of the gold?

BACH: Apparently, these organizations had free reign. The war was over. This all took place in late 1945 or 1946. It had to be before 1946 because then the U.S. government decided we had to negotiate with the Swiss. From Legation Bern, our consulate, Dan Reagan, Jim Mann, and yours truly, were part of the U.S. delegation negotiating with the Swiss in 1946 in Washington.

Q: What were you negotiating?

BACH: We were negotiating the disposition of the gold, the German assets in Switzerland that had been identified. There was an acceptance, but not part of the agreement of the unclaimed assets. We left Bern expecting to be in Washington in about two weeks. It took two months. We reached an agreement with the Swiss. They would liquidate the identified German assets, enterprises, in Switzerland, would part with gold that had been identified as German. For the unclaimed assets, we would work it out, and Legation Bern would interface with the Swiss competent branches of government to carry out the terms of the 1946 agreement. Webster might have preceded it, but stonewalling originated with the Swiss. They did not carry out what they had undertaken to do in the liquidation of the designated assets. Right after VE Day, President Truman sent Ed Pauley, the oil man from California, out to the Far East to look at what the condition of Korea was. Then he came to Bern en route to the first Moscow Conference. Somehow, all of these people (Maybe it was because I had been in Washington during my Foreign Funds Control days.) either knew me by name or somebody said, "Look up Mort Bach when you get there." When Washington invaded Germany, they had to come via Switzerland to get transportation. They always came to my office and Ed Pauley ended up in my office. He said, "I am going to Moscow and I want 25 Mickey Mouse watches." You know, the ones with the moon and the stars and all the fancy combinations on the dial. Lo and behold, it coincided with the annual summer vacation of the watch industry in Switzerland. So, yours truly became... You asked what type of officer I was. I was the watch attache! I called up Zurich, Geneva, and Bern and found two here, one there. Finally, I got to a place where I had to call the president of two watch companies up in the mountains and they very cooperatively reopened their factories. Ed Pauley went to Moscow with his 25 watches.

Q: This is going back, but I want to catch it before I forget. How in 1944 could you go from Washington to Switzerland? You were surrounded by enemy territory.

BACH: No, the army had opened up via the Belfort Gap and trains were running across from Paris diverted away from bombed out bridges and so forth. It was an overnight trip. You got on at night and it was around noon when we finally arrived at the Swiss border. Then the train stopped, we all debarked, and walked across the Swiss border into Switzerland.

Q: Were we beginning to look a little more closely at what the Swiss had done during the war?

BACH: Definitely. During my time, in the early days, we had the big document center in Berlin. I had a colleague up there. I could get him eventually by telephone and check out names and would come back with things. I was in Berlin several times and also in Frankfurt. Treasury sent out a big team of my former colleagues who were headquartered in the Frankfurt area. The army was very cooperative, that branch, and they discovered all sorts of outstanding documents proving the "astute" fashion that the German bankers had utilized to camouflage the true owners of different corporations. Separate and apart from all of the Justice Department people going to I.G. Fahrben and the chemical companies, they went after the industrial companies. In one instance, the Treasury group found on the floor of a bombed out bank among the rubble documents relating to... "The covering document, this document by unanimous agreement divests all of our interests past and future to document B that is attached thereto." On a footnote to B, it says, "Pay no attention to number one. Our interest is maintained to perpetuity."

Q: When the war was over, did your job change?

BACH: Yes, it was negotiating with the Swiss constantly over many meetings. I became friends with very many of the Swiss who were part of the Swiss delegation, who I had known casually while the war was on, and then subsequently... I have to jump here. After Switzerland, I was assigned to Seoul, Korea, where after the evacuation I picked up a tuberculosis bug and was grounded for a while. All of my old Swiss colleagues were in the legation in Washington. We were friendly. To this day, if I were to go to Switzerland, I would see some of them.

Q: When you were negotiating with the Swiss, were they as difficult as one might imagine?

BACH: It has been picked up by BBC and all these other authors of British origin. My comment was, "I'd have a meeting with Eberhardt Rheinhardt. Mort, I'll look into this for you." Nothing materialized. It was done nicely, but it wasn't fruitful for some of the tricky issues that we were trying to pin down that they had agreed to as part of the 1946 agreement.

Q: What were some of the tricky issues?

BACH: They were going to reveal information. First it arose in connection with stolen art. There was a top-notch team of experts that came over (representatives of the National

Gallery, the Metropolitan Museum of Art, and the British Royal Museum) and were going around. They didn't make it easy for us. There was a firm in Lausanne, the Fischer Galleries. We knew that during the war all of Hitler's staff would come down and buy over the counter from Fischer and then cart it back to Germany. We tried to pin it down. Who was the original owner? Certainly, they must have records of where they got it in the first place. The Germans were typically German in that they always wrote down everything in such detail, that if they lifted it out of a castle, that painting was known to have been hanging in that castle - i.e., it was "liberated." That is one example.

Incidentally, while we are on the subject of art, one day I received a call from the foreign office. "We are going to have a meeting. Could you have your experts, wherever they are, come with you and bring along (I can't remember who else from the legation)?" We walked into a large conference room in the Swiss foreign office. Not a stick of furniture in there, but all around the baseboards were impressionist paintings, big oil paintings, all around this room. They said, "We want you to see what we have seized with the view of having them returned to their original owners." Eberhardt Rheinhardt was there and he drew me off to one side and said, "We went up to Bührle, a big art collector, and when we presented our papers, he allowed us in. When we selected this, that, and that, his comment was 'Are you telling me these are originals?'" Lynn Nicholas, who wrote that excellent book, "The Rape of Europe," on stolen art, when I related that to her, she said, "I wish to heck I had known that. It would have been in my book. I couldn't stand Mr. Bührle." The National Gallery to this day is embarrassed that they had the big Bührle exhibit in Washington.

Q: Who was Mr. Bührle?

BACH: Mr. Bührle was this German I mentioned earlier.

Q: He was a German who became Swiss.

BACH: That's right, and he had this huge factory out in Oerlikon, a suburb of Zurich. He was also the collector of art.

Q: You left Switzerland when?

BACH: 1949.

Q: During the period you were there, were, particularly American Jews, but also other Jews, coming back to Switzerland to try to get back their money and all?

BACH: That is one of the things that I have been questioned on and I have repeatedly commented that during my stay, given the fact that our legation was in different private homes, conceivably, people of that type may have come, but I did not hear at any staff meeting and did not personally experience anybody coming in and saying "Can you help me?"

Q: That's very interesting. By the time you left, was there any cloud on the horizon? Certainly by 1946, the enormity of what the Germans had done to the Jews and to others in their death camps and all was known. If one is sitting in Switzerland, you can say there must be an awful lot of unclaimed valuables here in Switzerland.

BACH: You see, we were up against Swiss banking secrecy. That gave them a large area under which they could say, "Well, we looked into it, but there is nothing of interest to you," glossing it off. The German part of Switzerland was more inclined to protect their clients. The French would talk around it, but wouldn't do anything. Yes, there were some who went out of their way - like the Swiss firm down in geneva. I can tell you a story involving them as an example of a partial reply to your question. But when I was transferred to Seoul, I received an airmail letter asking my view as to whether they should open a surveying office in Korea in view with the big American aid program. My reply was, "I think you ought to contact the head of the AID mission. I have my own views, but let's leave that for some other time." They came back a second time by cable, asking for a cable response. I responded along the lines of my first. I don't know how I expressed it, but it wasn't an enthusiastic "Go for it."

Q: In other words, you didn't feel that the Swiss were deserving of any type of assistance.

BACH: No, I would have helped them. In fact, I eventually did try to help this firm get off the grey list (not the black list) because of what they had done on our behalf during the war. I received this letter: "Please tell us. We wish to reimburse you for your cable." So, I wrote back and said, "Why don't you wait until I come back via Switzerland and we can have a good old fashioned fondue and kirschwasser." Several weeks later, the APO called up and said, "There is a big package for you: a half a wheel of Gruyère cheese and six bottles of kirschwasser.

Q: You were in Seoul, Korea from when to when?

BACH: January 1949 until that famous June day of 1950.

Q: We're talking about June 25th.

BACH: In fact, a friend of mine called me up just this morning and said, "Did you see the MacArthur television program on Public Broadcasting last night and the night before?" I said, "I saw it last night. I have no great love for the great white father." He said, "Why? I think he was the outstanding general" and he gave me the whole pitch. I said, "Do you know that when we were evacuated in Japan," word came down from on high: "Get those damn refugees out of here! I am fighting a war!"

I went to Seoul, then to Vienna, Austria, then to the Common Market. After the Common Market, I reached mandatory retirement. Then Treasury picked me up, sent me out to Hong Kong for five years with regional responsibilities for all the countries in the headlines today.

***

Q: Today is June 4, 1999. You said you wanted to add something about the time you were on Wall Street.

BACH: Yes. Let's start with when I was in high school, I played baseball on a team. I later went as a counselor to Maine and taught baseball and swimming. Baseball has a long history. That is why I am talking about it. Then, later on, on Wall Street, after the market closed, a number of us got together and we went across the Washington Bridge and played softball over in New Jersey someplace. En route, I was the one who had the car. We would stop off on Upper Riverside Drive and change clothes in a two room apartment which was owned by Herbert Allen. Allen later, together with his brother, Charles, became Wall Street tycoons and were listed repeatedly in "Forbes" as some of the most wealthy individuals in the country.

One of my last calls upon leaving Treasury to go to Switzerland was from Herbert Allen. Herb said, "Mort, I know we're in the war. I would like to get a Treasury license to make an investment in the Philippines called 'Benguet Gold Mining.'" Herb stayed with it through the many years. It was a highly lucrative investment.

One Treasury story that I think is noteworthy. As you will recall, we were waging economic warfare against the Germans, the Italians, and the Japanese before we actually got into the war. One story was related to me not very many years ago by my former good friend and assistant secretary of the Finance Ministry, John Pehle. We were focusing at that time (This probably was 1944.) at Treasury's wanting to block Argentina. This was something that was kept very close to the vest. John related to the top group, of which I was a member of Foreign Funds Control, that we had this proposal and he was going to try to sell it to the State Department. According to John, he and Randolph Paul, who was the top Treasury official at that stage in our operations over John, were invited by Assistant Secretary of State Dean Acheson. Dean was the key official in this hierarchy that was the State Department. He invited the two of them over and, according to John, with his typical humorous quirk, said, "Dean put a bottle of scotch out on the table and it wasn't too long afterwards that Randolph fell asleep and the negotiations were between the two of them. By the time the bottle was dented (I won't say finished.), Acheson was successful in talking Treasury out of blocking Argentina." In recent years, I have mentioned to State Department officials who were involved in all of these operations about this occurrence. They claim that they had not been aware of it. So, this is an indication of the level on which this took place. This was before World War II.

In Foreign Funds Control, our office was the entire apartment house building on Park Road off of 16th Street. As we were getting closer to World War II, President Roosevelt asked us to move because they needed housing for all of the people who were being hired by the U.S. government. So, we moved downtown. Who do you think moved into our former office building? The Soviets! I thought that was amusing.

We also covered in Switzerland most of the period. You did raise a question about the

attitude of the people and how they regarded us. I was fortunate that I did have an excellent entree during the Curry mission to Switzerland. I became quite friendly with the then deputy secretary of the Treasury of Switzerland, Eberhardt Rheinhardt. During that period, I gave them my rationing coupons. They had two children. Of course, two chocolate bars a month were very much in demand. One day, he called me and said, "Morton, I know you bicycle down past my house going home. Would you be inconvenienced if I asked you to stop by? I would like to chat with you." So, I said, "Of course" and I stopped by. He said, "My brother was here. He has a farm in Wisconsin. He brought Annie two silver fox pelts. If she has them made into a stole, would the Swiss people in your judgment comment?" I said, "Eberhardt, go for it."

I have two portions for Switzerland that I think should be included. These were earlier submitted to that "Tales of the Foreign Service, " which were not... Legation Bern was the focal point for arranging the first post-World War II concert of the well-known Berlin Philharmonic Orchestra. Scheduled in our plans to conduct was the famed conductor Wilhelm Fürtlanger (whose political views in support of the Nazis was well known). During preparatory meetings, Fürtlanger proved difficult to pin down. Initially, he was unresponsive. Another meeting, another week, he appeared disinterested. After still another week, we detected a note of "vielleicht" (perhaps, but no commitment). Only after we informed him that arrangements had been made for the renowned violinist Yehudi Menuhin, who was Jewish, to also participate did we finally receive an emphatic "Ja (Yes)." A surprising number of members of the pre-war Berlin Orchestra surfaced out of the rubble that was Berlin and elsewhere with instruments they managed to save during the intensive bombing to participate. The concert was considered a success. It played in an air conditioned concert hall which had received several direct hits.

Q: That must have been great.

BACH: You went to Seoul in 1949. You were there until you were evacuated in the summer of 1950.

BACH: It was about a year and a half.

Q: You went to Seoul as what?

BACH: I was an economic financial officer. There is an interesting story in that when I returned from Bern, the then head of the Foreign Service called me and said, "Mort, you've had five years of the pearl of the Service. You are not married (I was engaged at that time.). Careerwise, why don't you volunteer for a hardship post?" So, I said to him, "The army always taught us one thing. Don't volunteer." He said, "This will be different. I will give you five post reports for hardship posts. Take them home, study them, and let us know which one you think is of interest." I took them home. We went over them and selected Saigon. This was the beginning of 1949, a good post, speaking French. So, I made our views known. So, they said, "We'll telephone you." About a week later, I received a telephone call that invited me to come in. When I walked in the door all smiles, an officer said, "Congratulations. We have transferred you to Seoul, Korea." Life

in the Foreign Service!

Q: What was Seoul like when you got there?
BACH: Now I will describe Seoul. I had really visualized hardship posts being the type that one saw periodically in pictures in the newspapers and on television. But Seoul was concrete buildings and hardly a tree standing. During the Japanese period, the Koreans had just cut down anything that would make for firewood or heating in the embassy. The timing was such that as it turned out, we were a small Foreign Service enclave surrounded in depth by the big American aid program that was there. I was covering financial, economic matters. Alongside me was David Baine, who you may know, who was later an ambassador. He was covering the political. There was a movement of officers out of China to Seoul at that time in anticipation of what developed subsequently.

In Seoul, we were a relatively small Foreign Service enclave. Mindful of the ECA, best efforts were made to strike a balance in reporting political, social, and economic development, which in 1949-1950 were negligible given limited resources available to develop, grow, and sustain institutions or to spur economic activity. Reports reflecting the realities, the warts and all, were difficult to clear past our ECA colleagues.

Q: ECA later became AID.

BACH: Yes. And our reports only found their way to Washington through back channels. In fact, Niles Bond, who was the head of Northeast Asian Affairs, who I knew from Switzerland, came out on one occasion. He hand-carried some of David's and my reports back to Washington. Later on, Ed Doherty, whose wife was matron of honor for my wife at our wedding, who was later the head of NEA, on a similar visit carried reports back. That said, a somewhat different picture evolved following visits to Seoul of the senior senator from California, Bill Noland. He would arrive in Seoul from japan on Saturday afternoon, meet with South Korean President Syngman Rhee at the Blue House, dine at a local kisaeng parlor, and depart early Sunday morning. Upon his return to Washington, he would take to the floor of the Senate to report to the American people about the remarkable progress he observed on his recent visit to Seoul.
Q: The progress was negligible.

BACH: Paraphrasing Yogi Berra: How can you observe a lot if you just happen to be watching?

Q: Noland, of course, was called the "Senator from Formosa."

BACH: Yes, it was the China lobby at that time. One day, to my surprise, the administrative officer called to report that my car had arrived in Inchon. Apparently, Legation Bern had overlooked my instructions upon departure to stow the car there. What to do with a three year old grey, red leather upholstered Buick convertible in spic and span condition? The only car of its kind in a country having paved roads only between Seoul, Kimpo Airport, and in Inchon. The car arrived in a wooden shipping box up to the highest Swiss construction standards. I gave this box to a South Korean family of five

who enjoyed one of the best new homes in Seoul at that time. Months later, at a reception, a South Korean cabinet member drew me aside to express interest in purchasing the car and offered me the tidy sum of $7,000. The car when new had cost around $2,800. Needless to say, I declined, given regulations at the time, in part of which I was administering prohibiting American personnel from selling cars on the Korean market. Not that I didn't fantasize seeing his honor seated in the rear of this chauffeur-driven open car passing through Seoul's teeming traffic of carts, humanity, and jalopies, with a machine gun mounted Jeep leading and a similar one bringing up the rear eliciting comments of "Isn't that Mort Bach's car?" The car probably went to Pyongyang after the 1950 evacuation sporting a big red start on its port and starbird side, unauthorized American and foreign aid to North Korea.

A few comments during the time professionally going down to the ministries. Yes, there were South Korean officials, but right behind them or alongside were some of our ECA colleagues. It was sort of "Do you do it or do you not do it" type of achieving your objective or eliciting the information that you wanted for the type of reporting that was required.

Q: Who was our ambassador at the time?

BACH: John Muccio. He was a well-known in the Far East... One week before the evacuation, John Foster Dulles, who had not become Secretary at that stage, was in japan tidying up some negotiations and he came over. He had with him the then-assistant secretary for Information, a former editor of "The Philadelphia Inquirer." They were there for about five days. As with all VIPs, they were taken up to the 38th parallel. The assistant secretary came into my office, put his feet up on the desk, and said, "Would you please explain to me because I cannot get any answers... We went up to the 38th parallel. We stood behind the South Koreans pointing their guns north. Undoubtedly, the North Koreans in the distance were doing likewise, pointing them at the south. But in between, there were the South Korean farmers peacefully doing their rice paddies. Where is all the crisis?" The Dulles mission left on a Wednesday and hostilities broke out on Sunday.

Q: This was prior to June 25, 1950, what was the feeling you were getting about Syngman Rhee?

BACH: He was the man who made everything work and everything had to be cleared. I am not familiar with how the interrelations worked between the head of the ECA mission and John Muccio. Probably, they went down together whenever they had occasion to raise an important issue.

That leads up to the famous June 20th. A group of us went up to Mass at the cathedral. I think it was a 10:00 am Mass. Somebody said there were reports of activities at the parallel. So, we went back to the embassy. I think I described that it was a former hotel called the "Banto." On the top floor was a big restaurant facility and there was a roof garden. One could order soft drinks and sandwiches up there. Many of us went up to the roof and looked into the distance. One could observe clouds of smoke as the YAK planes

were hitting petroleum facilities on the outskirts. My wife came over to me and said, "I am going to pack." She went down and started packing some things. Nothing developed further until there was an announcement later in the day that everybody should stay in place. I am aware that the assistant military attache and our administrative officer went out to Inchon Harbor. There were only two freighters in the harbor at that time. One was a Chinese coal scow. They eliminated that as a possibility. The other was a Norwegian fertilizer freighter that had not offloaded its cargo. We placed 830-odd women and children on that fertilizer freighter and they departed shortly before dusk on Sunday night. In other words, it took place quite rapidly. I can tell you that this was one of the outstanding tragedies of my career in the Foreign Service. My wife was pregnant and to board that freighter, she was obliged to climb a rope ladder. Inchon Harbor has these huge tied drops. I can't remember whether it was up or down at that time. But there was no facility to walk out onto the boat. She lost the baby and there were complications. I won't talk anymore about that.

We came back to Seoul, all of us who had been down to watch the boat go off, and we were blacked out. They enforced it. In fact, they had people going around shouting out "Apartment so and so, turn out your lights!" The next day, there was little that was done in the office. Of course, everybody waited for reports. Most of us went to bed that evening, but were awakened early in the morning. The emergency airlift, which had not been available at the beginning, which necessitated using that freighter... MacArthur found some planes. I turned in photographs of personnel as far as the eye could see standing in line at Kimpo- (end of tape)

They must have gotten into the hands of Congressman Gross of Iowa, who every time the State Department request for reimbursement for losses took the floor and under unanimous consent said, "Why were there so many people out there with the U.S. government?"

To bring that story to a close, five years afterwards, we were reimbursed around 35-40 cents on the dollar and yours truly had the largest claim because of the Buick convertible. The military [and] oil people had funds. At that time, State did not have a budget item to reimburse people.

Q: Shocking.

BACH: That ended Seoul. We were airlifted not too far from Kyoto to a military facility. We learned that the women and children were in the south of Japan. We were sort of in the center. The question of getting together was a problem.

Q: You eventually all got together, I assume.

BACH: Yes. An aside: after we arrived in japan, there was a report that the Great White Father, MacArthur, said, "Get those damn refugees out of here. I have a war to fight!" This went down very well with Foreign Service officers and their families. Then there was a procedure wherein State cooperating with MacArthur that all personnel who did

not have transfer orders were evacuated back to the States. I was immediately assigned to Bangkok. So, my wife and I were in Tokyo. We were making preparations for going to Bangkok. Then the Department changed its mind again. I was assigned to Rangoon. At the same time, the medical people (All of us were subjected to examination.) discovered that I had a touch of tuberculosis and I went back to the States.

Q: So you went back to the States in 1950. Where did you go?

BACH: I came back to Washington. I was assigned to EUR/RA (European Regional Affairs). At that time, it was the formative years of what later was well known as COCOM, which was headquartered in Paris. COCOM was the Committee for Strategic Materials. Essentially, this was to prevent the strategic materials going to sensitive areas. It was international. I was grounded for about a year. Thankfully, it wasn't serious. I received clearance. Initially, I thought I was going to go to Paris. It was a sizeable U.S. delegation to this committee. But then they decided to send me to the Hague instead.

Q: You went to the Hague when?

BACH: 1952.

Q: You were in the Hague from when to when?

BACH: I was there for three and a half years, until 1955.

Q: What was your job there?

BACH: I was an economic officer. In the early days, I received a phone call from the minister, Bill Trimble. Our ambassador was Seldin Chapin. When I went in to pay my courtesy call, with a smile on his face, he said, "I know what you've been through. Now this is a tranquil post. I trust you will keep it that way." Eight months later, the dikes broke. Coming back to Bill Trimble, he called me in and said, "Mort, I would like you to handle military assistance." I said, "What about so and so?" He said, "Oh, he left casually last night." McCarthy period. So, in addition to the financial-economic, I handled the military assistance program. We had a sizeable MAAG mission there at that time. I will say that during that period we were in the Hague, the genuine appreciation demonstrated by the Dutch people for what we had done with the Marshall Plan was indeed evident and genuine. During the time I was there, I accompanied the minister of commerce, Teppama, on a visit to the United States, which I had arranged. It went down well with the Dutch that one of their cabinet members had been invited. I did have excellent relations with them. Van Lennep, the finance minister, later went on to be the head of the OECD.

It was an interesting period. There were stories that you always heard about the Dutch. Again, we made friends and were invited into homes, as we were back in Switzerland. There was one family. He was one of the major Dutch tulip growers who did business, of course, with the United States. His father in law was, I think, from Belgium. There would always be a humorous interplay. The father in law told a story that right after the

inauguration of the $55 one week vacation tours for the U.S. Army in Switzerland, so many of them came over to the Benelux countries as well. He was on a bus one day. Standing in the back of the bus were three GIs in uniform. They were wary of, were these people on the bus on our side or otherwise, as he described it. So he finally said to one of these fellows, "Where do you come from?" This lad said, "Some town in Iowa," whereupon he said, "By the way, is Clark's Flower Shop still on the corner of 19th and Main?" This kid's mouth dropped.

Q: In the Netherlands, the economy must have been very interesting. These were world-class entrepreneurs just getting their feet back on the ground.

BACH: It was. My major emphasis was on the financial-economic side, knowing that they were bank-oriented. There was no rationing. They were very proud of their dairy products and were opening up markets with the rest of the market, predominantly the U.S.

Q: What happened when the dikes went?

BACH: That's an interesting story. They were very fortunate. It didn't come as far as the Hague or Amsterdam. The ocean came in and destroyed a large segment of agricultural land. The Dutch rolled up their sleeves subsequently and installed new dikes and the like, which made them very comfortable that they would not have to be subjected again. What was interesting to me was that our usual bad luck of being in posts where there wasn't housing available and we were stuck in a hotel, a couple of American Red Cross officials around. They were also in the hotel. We had cocktails together and so forth. One of these officials said one evening, "I am so proud of our American people, but they have one failing that creates a headache for us. Whenever there is a tragedy such as this, they go up to the attic and they dig out Junior's ripped football jersey and all sorts of things and we have a terrible time segregating what is usable and that bulk of stuff which they insist on. Of course, we can't publicize 'Don't do it,' but we can on general terms say the type of things that are needed."

Q: I was consul general in Naples in 1980 when they had a bad earthquake and we had the same problem. By that time in Italy, 1980, there was really no need for clothes. The Italians themselves were producing so much. We were getting used ball gowns and the whole thing. We were trying to turn it off. It gave people the feeling of doing something, but it costs a lot of money and it was wasted.

You were at the embassy until when?

BACH: 1955.

Q: Did you get involved with Dutch refugees from Indonesia?

BACH: There was a substantial influx. It made for additional merchandise in the antique shops.

Q: You left there in 1955. Where did you go then?

BACH: There was home leave and then Vienna, Austria.
Q: You were in Vienna from when to when?

BACH: 1955-late 1960.

Q: What were you doing in Vienna?

BACH: Again, I was a financial-economic officer and then I was also the commercial attache.

Q: This must have been a very interesting time. The peace treaty had just been signed. Austria was free and neutral.

BACH: I know. I was in on the tail end of the negotiations on the state treaty giving Austria perennial neutrality. They did very well.

One thing I neglected to mention in the Hague was that both my wife and I were fond of music. We subscribed to a concert series and entertained Dutch officials in that fashion, which I and apparently everybody else thought was very effective. We did the same thing in Vienna with the opera.

Q: During this 1955-1960 period, how was the Austrian economy?

BACH: Well, they had their political problems. There was a leftover from the earlier (I guess it was in the 1930s.) period when the socialists and the conservatives were shooting at each other. In subsequent years, they had a coalition government. It was always interesting, the interplay. The United States at that time decided that it wanted to develop commercial relations with the area. The Commerce Department constructed a pavilion. It wasn't finished when Ambassador Doc Matthews came over from the Hague. We were in the Hague during the period when he succeeded Seldin Chapin and then he was transferred to Vienna. So, of course, we knew each other. In the early stage of the pavilion, Doc arrived and being the commercial attache, I stood up there and acted as host and introduced these various Austrian officials whom we had invited to the opening. It went off very well.

Q: What were the commercial possibilities in Austria during this time?

BACH: There were one or two subsidiaries of American firms who were active and then there were all sorts of possibilities. The steel industry was one that the powers we felt could be expanded to Austria's benefit. They had two different Commerce Department teams that came out and went around the country. I was a member of the delegation. There were strategic materials - not in a military sense - that were being developed at that time that were of interest to American industry. Textiles, we always had a problem from

the day that I entered the Foreign Service because of the situation back here. There was a sizeable textile industry. Cashmere sweaters were also predominant. They were doing a large business with the United States.

Q: What about the Hungarian Revolution in October 1956.

BACH: I am going to lead up to it. In 1956, I received a phone call from a former colleague from Bern, Switzerland, Francis Deak. Francis was air attache in Switzerland. In Rome, he was minister counselor. He said, would I do him a favor? Deak is of Hungarian background. Throughout the whole war period, his mother and sister and other relatives were resident in Budapest. Francis had a top American security clearance, so he negotiated the air treaties after VE Day with all the former Soviet satellites. Anyway, would I meet her at the railway station and put her up and then put her on the train to go to Rome, where she could spend the summer? So, I said, "Of course." So, one night, after we finally found a place in Vienna to live. It was in the American sector, one of these big, old, substantial homes. This one was in the former home of the former Zuckerkoenig (sugar king) of Austria. They had departed. I was up on a ladder trying to get some curtains set up so we could start living again rather than in a hotel. The phone rang. It was a Marine guard: "There is a little old lady who is asking for you." I said, "Oh, fine. Just tell her to wait there and I'll come down." So, I went down and put her up in a hotel. I asked her how she had come out. She had come out in the car of the apostolic delegate. This was a week before the uprising.

I must ascribe that there was apprehension in the American embassy because there was one of those famous footnotes that always exists in treaties that if the Russians, who by that time had departed, were unsatisfied with some provision in the treaty, they had an open door to return. Here was this mass walking across the border from Hungary into Austria. The Austrians were doing quite a job of putting them up in what were formerly the stables (They had been cleaned up.) behind one of the big castles. We had sleeping on our dining room floor with blankets and pillows six members of the Deak family. I succeeded in getting them placed where the system would pick them up to process them. Much to our reluctance, most of them decided to go back, even though there was this enormous movement of Hungarians out of Austria to the United States. They were lined up in the snow at the crack of dawn waiting to get their visas. Of course, the embassy did all sorts of things to help - donuts, coffee, etc. I negotiated with the Austrian government and succeeded in granting American Express a license to do business in Austria - the first non-Austrian bank after World War II and an opening for an American firm. Twice while in Austria, I was assigned as deputy to the U.S. delegation to meetings in Geneva of the early ECE.

Q: Did you get involved in any of the spy game that went on?

BACH: No. I know there was considerable publicity of what was going on there. It was an ideal place for East and West.

Q: You left there in 1960. Where did you go then?

BACH: To Luxembourg, Luxembourg. The main office of the U.S. Common Market mission was in Brussels, but the original U.S. Common Market mission was in Luxembourg at the time of the Coal and Steel Community. Then it moved up to Brussels, but they maintained the Luxembourg office.

Again, stuck in a hotel.

Q: That gets a little bit weary after a while.

BACH: It does. We were in Luxembourg and I know that Foreign Service families with children thought it was ideal, which it is. It is the size of a postage stamp with woods, picnics, and all the rest of it. But professionally, there wasn't that much of interest - at least to me - although we got to know a number of the Luxembourg officials, one of whom told a story that he was on an official mission down in Ghana or one of the African countries. He said, "As usual, you go to the airport. They tell you to get there and then you stretch out and you hope a plain will arrive." He was stretched out and all of a sudden, three military people with bayonets drawn said, "Get up. You're under arrest." "Why am I under arrest?" He said, "The band at the other end of the airfield is playing our national anthem and you are lying down." But there wasn't that much interest in Luxembourg, so I was very pleased to move up to Brussels. I was assigned responsibility for the former colonies in Africa.

Q: The newly independent countries.

BACH: We still use that expression. The policy at that time out of Washington was, in my area, tropical products, cocoa, peanuts, and coffee. So, you can imagine the pleasure of an officer like me going down, calling on the ambassador of Senegal, for example, and all he wanted to talk about were coffee, peanuts, and cocoa exports to the United States. I had to explain to him, "Peanuts? We have the state of Georgia. Coffee? We have Central America." It was an interesting period.

Q: You were there from when to when?

BACH: Until late 1964 when I reached mandatory retirement.

Q: Did you get involved in any of the ripples that were coming out of the Congo at that time? The Congo was made independent at about the time you arrived there.

BACH: No. It was fairly obvious... The French mission, for example, to the Common Market was the predominant one vis a vis their former colonies. The Belgians similarly. So, we were sort of the periphery, trying to cover the overall, but not getting directly involved. I personally was involved in negotiations for the Trans-Cameroon Railway, negotiations which took place in Paris. There is an employee of the building here now. I asked him if it was ever built. He said he wasn't sure. He is a native of the Cameroon. The U.S. wasn't putting money into these various things. There was the Common Market

for such.

What was a most interesting period was when I was moved up from Luxembourg to Brussels. Again, there was no housing. We were in the Metropole Hotel. We would go down for cocktails. This was at the time when one of the major mission interests was whether the Brits were going to be joining the Common Market. On this particular evening, the whole place was jumping and all sorts of British correspondents and other correspondents were there. It was very amusing and innovating. Finally, above the din, there was a voice of a British newspaper man: "Will somebody please explain to me what this GATT business is?" There was a lull and all of a sudden an American stood up and gave one of the best presentations that I had heard in ages. When he sat down, I went over and introduced myself. He turned out to be Ed Dale, who for years was a New York Times correspondent. We became friends over the years.

In covering the Foreign Service, it turned out that we were able to make friends in every one of these countries who later on somehow our paths crosses and they were fruitful outcomes of mutual interest - not socially, but professionally. For example, I will go back to the Swiss days. In the early stages, the people on the economic and the financial side were an elite, if you will, and the minister, Minister Stucki, who was the main negotiator in the 1946 negotiations when I was part of the U.S. delegation, brought these people along. They later became top officials in the government and then also professionally after they left the government. For example, Paul Jolles was in Washington for the negotiations. He later became the Swiss minister of economics. We were friends. Another one was Olivier Long. He was the head of GATT. Every time I would come over for the drug negotiations, we would always have dinner together. The wives knew each other, of course, from the earlier days. I am using that as an example of how entrenched friendships work. These were not just passing.) work out because it helped me in my GATT contributions when I would be able to contact Olivier. With the Swiss later on, we maintained those friendships. I will say that at one stage on one of the visits, I was in Geneva as a member of the U.S. delegation for the annual meeting of the Commission on Narcotic Drugs. I wanted to touch base with Jolles. The four of us had lunch together. I had called on him at the foreign office. Then I went down to the American embassy and told them, "I don't want you to read anything into this. This is friendship pure and simple." It didn't go down very well. They were sensitive. There may have been other issues at that time.

Q: You never know.

BACH: But we didn't discuss any U.S.-Swiss issues. The same thing with Eberhardt Rheinhardt, who went out of his way to come down to have lunch in Geneva when we were there for the annual meetings.

Q: You left in 1964. That was mandatory retirement. Then what happened?

BACH: We decided to settle in Washington. A year and a half later, as we were just getting settled, if you will, Treasury asked me to go out to Hong Kong. The office was

part of the China Trade Control Program, but in view of my background in the Foreign Service, Treasury was interested in me because they wanted to make it into a regular Treasury attache office. That was the basis on which I went out there with regional responsibilities for Indonesia, Singapore, Thailand, Malaysia, and the Philippines. The Vietnam War was on. I will just mention this in passing, which is that a Wall Street friend of mine, Lewis Stone, who I had grown up with (We were Wall Street colleagues, we were members of a club and we would play tennis together.), came out with a delegation. Don't ask me what the delegation was. He was awaiting the visit from Vietnam of his son, who was in the Army. What do you think the son's name is? Oliver Stone. So, Oliver-

Q: Now a famous movie director.

BACH: Oliver and his father shared a room in the Mandarin Hotel- (end of tape)

Q: In Hong Kong, your main job was to keep track of...

BACH: Well, there were regulations which were supposed to restrict the purchase of Mainland goods, the proceeds of which obviously gave them currency reserves. We had a huge influx of American tourists, most of whom didn't pay any attention to the regulations requiring a certificate of origin. This was also the time of the little red books of Mao's writings. I reported back that I thought it might be timely to take a hard look to see whether we wanted to continue, but in the meantime I had to administer it alongside of the main Treasury interests. Gold was a primary interest. There was a constant flow of gold that came up from Southeast Asia to Hong Kong. Then it was offloaded and shipped over to Macao. Macao at that time was Portuguese. The Portuguese, I don't believe they were in the International Monetary Fund. They may or may not have been. But there was a loophole, put it that way. All I could report on was the huge quantities of gold that were transshipped from Hong Kong to Macao. Macao should have sunk under the Pacific because there were no exports. But obviously, there were major exports in the form of jewelry and all sorts of manufacturing. But the Hong Kong government was collaborating, putting up with, this U.S. regulation. They would have preferred that this last vestige of the Cold War be eliminated so their laissez faire economy could be 100%. Negotiations which led up to eventually the Kissinger-Nixon visit were in their formative elements before we left, before the actual 1972 trip of Kissinger and Nixon. But there were indirect contacts. We never went into China because that was out of bounds, but we went over several times to Macao. This was before the days of the hydrofoils. They had these steamers. We would stay overnight on the steamer, the bow of which was fenced off and the gold was in the bow of the boat. Of course, before we were permitted to debark, they would offload the gold, which was all handled very neatly. At that time, it was self-evident that gambling was more than a passing industry. It developed in subsequent years to its major source of income.

Q: Were there any indirect contacts with communist Chinese officials while you were there?

BACH: If there were, it was not in my area. I would be surprised if there were not. My visits to the different countries for which I was responsible were extremely interesting. You could sit down and have discussions, which I always did with an embassy officer accompanying, trying to get a picture on their overall structure. In some instances, it was fruitful. In others, it was lots of talk but little substance.

Q: You mean this was the structure of the structure of the country you were visiting.

BACH: That's right. Not impinging upon the embassy function as such, but as a consultant assistant to the embassy to try to elicit more information. For example, in Indonesia, when the subject of contracts might come up, the answers were the same as "The embassy received. This is under contract. This is being taken care of." Of course, as we have subsequently learned, during the Suharto period, the family came first. But of all those countries, the Taiwanese bankers and the Singapore bankers impressed me the most. One had to allow for the fact that here were some of these countries that hadn't been in a capitalistic environment that long by comparison to the West, but they were doing quite well in their fashion. But there were drawbacks which finally surfaced in the recent Asian financial crisis. I reported to Treasury the close relations between Suharto and the World Bank.

We were in Hong Kong during the Cultural Revolution in China when the daily large scale demonstrations passing the consulate general (en route to the residence of the governor's mansion) took place. The mainland also controlled and restricted Hong Kong's water supply. Many of the dinner parties and social events were interrupted with the news that the water had just been turned on and people dashed home to fill their bathtubs and containers, leaving the hostesses with half consumed dinners, etc. on their tables. Water on today, off tomorrow... Who knows!

Q: In Hong Kong, were the Singapore authorities kind of restive with all the controls that were placed on shipments to China? Did you have the feeling that they wanted to get going?

BACH: The shipments to China... Hong Kong was the entrepot. Commerce was flowing back and forth freely without any restrictions. This was part of the laissez fair economy.
Q: How about American merchandise?

BACH: Well, they would have to get licenses from the Treasury Department to export to China if they wanted to - and there wasn't much American trade at that time.

Q: You were there until when?

BACH: Until 1971.

Q: Then what, they finally got you?

BACH: Then they replaced me. I came back and was in the Office of the Secretary. The

Secretary called me in and said, "I would like you to handle Mr. Nixon's war on drugs." So, I was assigned that. This was at a time when there were typical Washington turf battles between the Customs Service, the Justice Department, and the DEA, and it wasn't a very pleasant period. I was more the mediator or endeavored to be. I was one of the authors of Nixon's first White Paper on Drug Abuse. We negotiated with Haldeman, Bud Krogh, and Ehrlichman, mostly Ehrlichman and Krogh. During that period, we had disagreements with the State Department. We were pushing or the Turks to stop poppy growing.

Q: Thailand...

BACH: We knew all about the Golden Triangle and would negotiate with those three countries. But, of course, the back door of Burma was always open. In that part of the world, there is always cumshaw (a bribe). But my period in the Secretary's office involved these interagency meetings. What is the French expression? "Plus ca change, plus c'est la meme chose (The more it changes, the more it stays the same.)." The man sitting opposite me for the Justice delegation, Howard Safir, is now the commissioner of police in New York City. We would go over and I think, if I haven't mentioned it, these countries in the Geneva meetings would come up to me and say, "Mr. Bach, you are with Treasury. You do know supply and demand. You people are hitting us over the head to try to prevent exports. But so long as that demand is there and you are it, please don't you understand that?"

Q: What can you say. You were in Washington from when to when?

BACH: We remained here. With Treasury, I retired the last time in 1978.

Q: So you were with the war on drugs all this time?

BACH: Yes.

Q: What was your impression of dealing with the supply and demand situation?

BACH: The focus was predominantly on enforcement, which was Customs at the border and the other people. The social aspects were on the back burner. Of course, more should have been done at that stage. There was more recognition of trying to rehabilitate these people to eventually reduce the demand.

Q: But you didn't see much real progress, did you, in this time?

BACH: No. Customs would have a new program gung ho. DEA would have a program ditto. The State Department was going along with placing additional DEA representatives in some of the key supply countries. So far as the level where I was in the Office of the Secretary, there was little evidence that it was... I must say that during my period of retirement, I tried very hard to persuade the powers that be to stop printing $100 U.S. currency bills. It was my conclusion that the basis for this whole narcotic industry was

money. It at one stage got to the point where I was corresponding with congressmen. I wrote a letter to Congressman Charlie Rangel from New York saying that I understood that the people working on money laundering were considering favorably such a regulation to stop $100 bills. The next thing I knew, Rangel sends my letter and a cover letter over to the Secretary of Treasury. The minute it got there, I said to myself, "This is it." Eventually, Rangel's office sent me a copy of the reply. The reply was a three page letter describing the new efforts on printing what is now the new bills. The last paragraph of the letter was "We don't think it's likely." A letter of mine to The Washington Post was published. A follow-up letter, nothing happened. I found out later, the Secret Service put a blanket on it to The Washington Post. They are responsible, of course, for the currency. The Secret Service is part of our Treasury Department.

Q: You retired then and have lived here in Washington ever since.

BACH: Yes.

Q: Well, this has been fascinating.

End of interview