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LLOYD JONNES

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Observations on foreign assistance and international development

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agricultural commodities
agricultural development bank
Arab aid agencies
Ataturk
Austria
Bank of International Settlements
basic human needs
Belgium
budget support
children's hospital in Krakow
Congress
counterpart funds
Cyrus Vance
Dan Parker
Department of State
Development Assistance Committee
Dr. John Hannah
East Germany
East African community
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education
Eisenhower administration
European Payment Union
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Geneva Accords
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university in Benghazi
University of Illinois
Vietcong
village health
West Germany
wheat farming
World Bank
Yugoslav

Zablocki (chairman of the House Foreign Affairs Committee)

INTERVIEW

Preface

The following interview covers the period from 1949 to 1980, during 28 years of which I was a foreign service officer in the U.S. foreign assistance programs. The discussion covers much of the substance of my work. What it does not cover is a great matter in person terms, that this was a considerable part of my life. My wife, Marilyn Alley Jonnes, whom I had married in 1947, accompanied me on all of these assignments. Our three children, Denis, Michael, and Jill, were all born in Switzerland and grew up around the world. The friends we made and the colleagues with whom we served are the very texture of our life. The intellectual adventure that this career opened was extraordinary. In the large picture these elements tend to disappear. In our lives they were and are our life.

Q: This interview is with Lloyd Jonnes, who started in the foreign assistance program in 1949 and retired from AID in 1980. To start off Lloyd, let's have a little discussion about where you came from, your early years, where you grew up, your education and then go from there.

Early years, education and work experience

JONNES: I was born and brought up in Circleville, Ohio, a small town south of Columbus. I graduated from high school there in 1941 and went off to Hobart College in Geneva, New York that fall. The United States of course entered the war perforce December, 1941, and I went on active duty in the Army in May, 1943. The following two and a half years were the most important years of my life in that I survived the war. I was a combat infantryman in Western Europe and served in Patton's army. My division, the 80th Infantry Division, arrived in Normandy in early August, 1944 and then fought all the way to Austria. Our first major fighting was in the Falaise-Argentan Gap. We then swung around to the east out through Orleans to Sens, then moved almost due north toward Metz and Nancy. We fought in Luxembourg during the Battle of the Bulge, thereafter attacked up towards Bitburg, Mainz, and into Central Germany through Kassel to Chemnitz. From there, we moved down to Nürnberg and Regensburg, and into Austria. We ended the war in the Salskammergut near Gmunden.

Immediately after the war, the U.S. Army set up an unusual experiment, a temporary university system designed to give the American educational community an opportunity to see how combat veterans were going to react to going back to college. I was in school for two months in Shrivenham, England-- a very pleasant change from combat. I returned to the States in November, 1945 and returned to school in April of '46 at Antioch College.

Q: Why did you switch to go to Antioch?

JONNES: Because Hobart was in some part a preparatory college for the Episcopal church, and I was not really interested in the religious realm. Moreover, at that time Antioch had a most intriguing educational experiment designed to put work experience together with your academic education. My first job was as an intern with the National Labor Relations Board down in Atlanta, Georgia, working in Georgia and Alabama in 1947. Unbelievable, the archaic labor practices in those states at that time, not to mention the even more startling fact that reconstruction from the Civil War was in considerable part still in progress. While there we were holding elections to determine collective bargaining agents for particular companies as well as investigating unfair labor practices - deeply interesting work experience. I graduated from Antioch technically in 1949, but actually in 1948.

An assignment with ECA mission in Switzerland - 1948

In the fall of that year we went to Europe so that I could study for one year at the University of Zurich before coming back to law school. At the end of the year in Zurich, quite by chance I was offered a job - a temporary job naturally - with the then U. S. Legation in Bern as they were setting up a small office of the Economic Cooperation Administration, the body administering the Marshall Plan, to keep the Swiss government informed on the program, but more importantly, if possible to help the Swiss participate with us in the provision of resources. The latter was the objective of the exercise. In point of fact, most of that work on that issue was done in Paris through the negotiations to establish Swiss participation in the intra-European payments clearing system and thereafter the European Payments Union. In both instances Swiss credits were made available through these institutions to finance in some measure the trade of the other European nations.

Q: The Swiss survived the war with very little setbacks?

JONNES: Yes, in terms of the physical state of the nation for there was of course no fighting on Swiss soil. But, the Swiss had had a difficult war in the sense that at any time the Germans had wanted to, they, the Germans, could have invaded Switzerland, but the price would have been very high, I'm sure, inasmuch as the Swiss were determined to maintain their independence down to the last man. In any event it never came to war, but the negotiations - ceaseless negotiations between the Swiss and Germans over every aspect of the Swiss national being-- took quite a toll on the Swiss administration. In retrospect one can only admire that the Swiss managed to get through the war intact. I think at the same time, those of us on the American side felt that the Swiss could certainly have done a great deal more than they did in terms of making life difficult for the Germans. And of course there is just now a major disturbance in our relations with the Swiss over their treatment of the Jewish communities during the war. The central fact of the Swiss economy is its dependency upon external trade. To live during the war, they were forced to do business with the Germans in one way or another.

In any event, the ECA started a small operation there -- a part of the economic section of the then US Legation -- designed to work with the Swiss on all aspects of the Marshall Plan.

Q: Did your taking this position evolve from an earlier interest in international work or from an earlier period?

JONNES: I think my first real interest came in seeing what Europe was at the end of the war. So far as Germany and Austria were concerned, it looked as if they could never, ever recover from the tremendous physical damage that had been done during the war. At the same time, intellectually, many of us had been conditioned by Keynes' observations at the time of the Versailles negotiations at the end of World War I that unless Germany was economically healthy, Europe was not going to be economically healthy. This was a necessary condition to the recovery of the European economic structure. It's impossible I think now to communicate the sense of impoverishment, the sense of despair and hopelessness that characterized much of Europe when we arrived there in the summer of 1948 to go to school in Zurich. Switzerland was the one exception because they had not really suffered physically and they were doing quite well, but in France, Luxembourg, Belgium, Germany, all these places we visited it was deeply depressing and the question was what do we do about it. I think the American response through the Marshall Plan was a truly extraordinary phenomenon and in very sharp contrast to what was done after World War I. At that time, the question was largely one of punitive measures in that our European allies -- led by Clemenceau -- were determined that they would be recompensed in some form by the Germans for all the damage done during the war, not recognizing that only if the German economy were healthy would the Germans be able to even begin to pay substantial reparations. American policy in 1948 and 1949, and through the end of the Marshall Plan was extraordinary because I think the total value of the aid provided was on the order of \$13.5 billion which in today's dollar would be as much as \$100 billion--a massive infusion of economic resources. That Truman was able to put this through was one of the great political acts in the United States of the 20th century.

To have worked with this program, if only on the very edge of it, was fascinating because we in Bern were treated in effect as a small mission of the Marshall Plan even though the Swiss were getting nothing under the program.

Q: What were the Swiss supposed to provide - what were you trying to get them to do specifically?

JONNES: Specifically we were trying to make sure that they participated in the financing of those systems of intra-European payment clearings through which individual European nations would have additional import financing. The first of these was set up, I believe, in 1948. It was worked out at the OECD and administered by the Bank of International Settlements in Basel. In 1950 the European Payment Union was established, and here again the question was what will be the amount of credit facilities available, and again we were interested in having the Swiss provide the maximum that they could.

Q: Were the Swiss responsive?

JONNES: I haven't looked at data in recent years, but my impression was that they were indeed responsive. After all their own interests as exporters were at stake. One of our tasks was to maintain communications between the people in Paris who were working on these programs and the Swiss. While our colleagues in Paris could do that in Paris or in Basle, through the Bank of International Settlements, one of our chores was simply to maintain a flow of information on what was going on in Switzerland and in that sense, we were very much a part of the small legation staff working on economic matters.

Another aspect of my work in Bern was that the system of export controls on critical or strategic items going to the Soviets and their satellites came into being at that time, and I worked on that issue on occasion. Particularly, I did a great deal of reporting on the trade agreements that the Swiss were concluding with the various East European nations, but this was really straight economic reporting.

Q: And that was for one year?

JONNES: We were in Bern from 1949 to 1953. There were other responsibilities over time. After the North Korean invasion of South Korea, the U.S. military became very interested in procurement in Switzerland and because I was there and knew German and a great deal about Swiss industry, I spent much time in working with procurement people from the Department of Defense, taking them around the country and showing them what the Swiss could provide and did ultimately provide. The Swiss were very much interested naturally in selling to DOD, but this had little or nothing to do with the International Development Program.

Yet another task had to do with a very interesting aspect of technical assistance - - actually, two small programs. At one point, the technical assistance people in Washington worked out a program to bring young apprenticed technical workers from the Marshall Plan member nations to the States for a year of work-study - on the job training and study at universities. The Swiss were very interested in this, but of course they would have to pay for it themselves. They were willing to do so, and thus we worked out a very small program under which each Swiss participant paid for all his living costs and travel himself, but effectively got the training and schooling for free.

Q: Do you remember what areas?

JONNES: Primarily in machine construction and metal-working, e. g., machine tools. The Swiss participants - very young men - thought this was marvelous because it gave them the chance to live in the States, to see America, and at the same time to do some study, say in mechanical engineering, and to work in an America plant.

The second program was actually part of an OECD program which was a form of work study but at the management level. Swiss entrepreneurs were very interested in the study missions to the States and here again they paid their own way together with a standard fee for all of the ancillary costs and participated. We had a remarkable selection

of senior Swiss management that came to the States paying for it themselves, but nominally as part of the Marshall Plan.

Q: Where they could update their technology?

JONNES: Or at least see how they might do so. That's right because there were two aspects of the Marshall Plan. The primordial facet was to help the Europeans to cope with the damage and attrition of the war. But the European world had also gone through the terrible depression of the 1930's, and that too had left its mark, perhaps most acutely in combination with the war. We in the US as a consequence of the war went through a technological explosion that the Europeans knew little of. Not only were they unaware of the dimensions of these changes, but their industry was still suffering from the stagnation and massive depreciation of their industrial base. For obvious reasons they were very much interested in trying to catch up, as in fact they did in the context of recovery.

Q: I take it that was one of the major contributions to the revival of the European economy?

JONNES: I think so. That's a big question, but certainly these programs were one significant element. The volume of technical assistance at that time was very great. Now I'm not talking of Switzerland, but what we were doing across the board. Yet another element of our technical assistance had to do with labor. Many in the organized labor movements in Switzerland were also much interested in what was going on in the States. Here, too, they would pay their own way to participate in those various labor programs that fell under the Marshall Plan. Here again, I was an intermediary between the Swiss and our Washington headquarters.

Q: You said you spoke German?

JONNES: Yes.

Q: Where did you learn your German?

JONNES: I began my studies at Antioch, and then studied at the University of Zurich. In fact the German language was why I was originally hired because the Legation didn't have any American German speakers on the economic side for some reason.

Q: How did you happen to pick up German?

JONNES: Well, because of my personal interest in the origins of "our" war, I had wanted to study somewhere in Germany, but the German universities were effectively closed to us.

Q: What did you major in?

JONNES: Political Economy. A lot of economics.

Q: As a result of your war experience, you were curious about the war's origins. ...

JONNES: Yes.

Q: What was your impression of the Swiss at that time?

JONNES: I was deeply impressed by their having brought together at least four different cultures into one nation--the Italian, French, German and what had remained of the Roman army culture in eastern Switzerland, the Romansch-- and having survived the Reformation with all of its centrifugal forces. Also I was intrigued by their ability to work out economic problems of industry without violence. They had come to recognize--i. e., each side of the labor management conflict recognized-- that they had to agree in order to survive. If they were going to survive economically, they would have to be successful exporters, the necessary condition of which was that they would have to be price competitive. And they have succeeded.

Q: Did you travel around Europe that time?

JONNES: I used to go to Paris regularly for one meeting or another at the Office of the Special Representative of the ECA. In 1953 I was transferred to Vienna. Quite a different experience. In Bern from 1951 I was the only ECA officer. In Vienna the Mission was quite large because Austria had been receiving substantial assistance from us. We were there until 1956. There initially my principal function was as an analyst of the balance of payments.

Q: But you were hired at that time...you were a regular employee?

JONNES: Well, I was a regular employee of ECA.

Q: Well, then you were reassigned to Vienna?

Reassigned to ECA in Vienna - 1953

JONNES: Yes, reassigned to Vienna. We came back on home leave in '52. My first task in Vienna was to do the balance of payments forecast for six months of 1953 for the Austrians. Lo and behold, their balance of payments had completely turned around and they received their last allotment of Marshall Plan aid in June, 1953, That was the end of the actual Marshall Plan as such. We continued on with a small mission for several years thereafter, primarily to wind up a number of programs, but more importantly to maintain a watching brief that the Austrians were making the transition out of occupation to independence.

Q: How did you find the Austrian economy at the time you started there?

JONNES: It was booming in 1953 for a variety of reasons. There was a high degree of domestic political stability. Second, the Germans had made substantial investments there during the war for obvious reasons. Third, the nation had received a large volume of American aid. The rest of Europe, too, by 1953 was growing rapidly which reflected itself in Austria's exports and tourism industry.

Q: Was it not so badly damaged as other countries?

JONNES: Not so badly. Yes, some parts had been bombed and fought over, but the physical damage was not at all that bad. One of the real shocks for the Austrian economy was the seizure by the Russians of all significant industrial establishments in the Russian zone after they had moved in. This conglomeration was called the USIA complex, having nothing to do with our USIA.

Q: USIA stood for what?

JONNES: It was an abbreviation, in Russian I believe, for the former German-owned industrial plants seized by the Russians in 1945. Consistent with anything that offered a chance for profit the Russians moved a great deal of machinery out to Russia. It was all part of the indemnification of the Russians for the damage inflicted upon them by the Germans, and Russians were determined they would make good from anything they could make good from. In 1954, one of our principle operations in Austria were the sales under the Public Law 480 programs which had just come into being. One of my principal functions was working out these programs with the Austrians. Then, quite suddenly at the end of 1954, it was becoming fairly clear that there were going to be serious negotiations on the political status of Austria. There had been a series of negotiations in the immediate post-war period on an Austrian state treaty. These had come to naught because basically the Russians were not prepared to agree. But quite suddenly toward the very end of 1954 or very early in '55, the Russians indicated that they would be prepared to negotiate seriously, and *mirabile dictu* the negotiations resulted in a state treaty which came into effect May 15, 1955, and Austria was independent in the most meaningful sense of the word. One critical question for us as we were looking at the economic side was what would be the impact of the state treaty on Austria. Our colleagues in Washington people were quite concerned lest the successes of the Marshall Plan in Austria might be jeopardized by the tremendous costs of undoing the damage done by the Russians in their zone. We did a study of the economy that suggested Austria's economy should have little difficulty in the transition. We had lots of information available from miscellaneous sources on what was going on in the Russian zone economically, and the conclusion was Austria had reached economic viability.

Q: Did the Russian zone constitute a major share of the economy?

JONNES: In rough terms each of the three major occupying powers held a third of the country plus a share of Vienna. In terms of the size of the Austrian economy, I imagine Russian share was something less than a third. Vienna itself was under four power

occupation with the central district being truly under international control, but then each occupying power had part of the city and the Russians in their segment had their hands on the economy quite literally. Living in Vienna at that time was also fascinating. I think of the movie, "The Third Man" with Orson Wells. When we first arrived, we could not move out of the city except on one or the other of two routes, driving either on the one to the British zone or the one to the American zone. Other than on those highways we could not drive outside the city limits without special permission from the Russians. And even with the permit you would find yourself stopped at checkpoint and have Russians with their tommy-guns at your head even though you were perfectly legitimate. This tended to persuade one to stay at home.

Q: So you couldn't travel around the country?

JONNES: You couldn't travel around the Russian zones at all except when we drove all the way out by designated route.

Q: American zone? British zone?

JONNES: In the American and British zones we could travel of course.

Q: And that would roughly be a third?

JONNES: Yes, we had roughly about third. The French had a small area over by Lake Constance that we had given them as a consolation prize.. We had the Tyrol and Salskammergut, and the Brits had Steiremark and Carinthia.

Q: Living in Vienna, you were describing that as being...

JONNES: We enjoyed our years there. Perhaps the adversity of being off on the edge of Western Europe under unsettled conditions added zest. The music of Vienna was marvelous even though the opera did not move back into its permanent home until 1955. In that same year our modus operandi changed significantly after the state treaty. The American aid mission came to an end as such, and what had been the U.S. High Commission in Austria was transformed into the Embassy. In effect in those days under the High Commission, the High Commissioner had been our ambassador.

Q: Were there particular program areas that you were trying to promote?

JONNES: No, rather, we were concerned only to maintain a watching brief on the Austrian economy.

Q: So there wasn't any particular sector you were emphasizing?

JONNES: That's right.

Q: There must have been massive amounts of counterpart monies?

JONNES: There were massive amounts of counterpart monies. That's absolutely correct.

Q: You were programming this?

JONNES: We were not programming, we were looking at it after the Austrians programmed it. You know we would take our 5%, I guess it later became 10%, under the Zablocki Amendment. The real question was where control of this should lie and obviously it had to be in the first instance with the Austrians. As long as inflation was under control I think we would not be too concerned.

Q: We were not dealing with the allocation by sector or anything?

JONNES: I think that in a country as sophisticated as Austria, there are so many devices to achieve effective allocation of financial resources that there was little point in debate. On the margin, perhaps our recommendations might have had some effect, for example in the amounts of local resources going to new tourist facilities..Perhaps.

Q: But then the counterpart, was that a major problem?

JONNES: No. But one aspect of the matter was a small problem, that of what we called "the price gap." There had been a shortfall in the deposits of counterpart by the Austrians against what we thought they should have been deposited. This arose in effect because the Austrians were selling the goods being imported at a lower price than we had thought they would or could, so the amounts of schillings (as the counterpart of the aid) deposited with the National Bank were below the expected amounts, ergo, a gap, and of course the question was whether the Austrians would ever be called upon to deposit the full amount in the counterpart accounts. The gap was a de facto subsidy to the Austrian economy, and ultimately we acquiesced in accepting the de facto subsidy/. we finally worked this out in the most general of terms.

Q: Why were we providing any assistance for them... food shortage?

JONNES: We were providing food aid largely because of our domestic concerns with surplus grain supplies, i.e., simply as a U. S. interest. The Austrian interest was in minimizing the foreign exchange costs of commodities they needed-- they were a large importer of wheat at that time from the United States. They were delighted to get it without spending dollars even though their foreign exchange situation had improved markedly. I would add parenthetically that one of the critical questions for all of the European countries was that once they reached a reasonable balance of payments how should they dismantle this great complex of import regulations designed to cope with the previous balance of payment problems. How do you liberalize? One of our constant concerns with the Austrians was to have them recognize our legitimate interests in exporting to them.

Q: Were there other conditions that you were implying in conjunction with your balance of payments?

JONNES: Not really. Until 1953, in that period from 1945 to 1953, the United States High Commission had been remarkably involved with the Austrian economy in extraordinary detail because of the universal view that the Austrian economy was a basket case. A personal note. In May, 1945, I ended up the war in Austria and even then it was very clear that there were serious, serious problems with the economy. We provided aid under the Government Assistance to Occupied Areas (GAOA) programs immediately after the war and then through the Marshall Plan. In part because of this, we had kept the economy going. Then we made the discovery that really the Austrian economy was in very sound shape. Tourism is also one of the great pluses because this is what put their balance of payments in order in the short run. As Europe began this slow process of recovery, tourism took off.

Q: Do you have any recollections of the general magnitude of the U.S. assistance?

JONNES I have full details in the attic. In the immediate post-war years, i.e., 1946-1952, US assistance to Austria was just over a billion dollars, of which \$680 million came under the Marshall Plan.

Q: In our current parlance about graduate countries, was Austria a success?

JONNES: Yes, the Austrians believe it and we believe it. It worked very, very well for a variety of reasons. To my mind our aid certainly was a necessary condition for the rapid development of Austria, but the predominant reason for Austria's economic success was in the political stability they achieved in sharp contrast to the 1920's and 1930's when civil war had erupted. Another element explaining this success concerned the Austrian economy after annexation by Germany. The Germans considered Austria as an excellent site for much of its war production and invested heavily in these facilities, in steel-making, metal working, and machinery. Many of the investments made by the Germans remained in place after the war.

Yet another factor in Austria's economic rapid growth lay in the simple fact that the other European economies had revived, and Austria benefited substantially from growth in demand for its exports and the phenomenal increase in tourism.

Q: Was there a lot of technical assistance activities?

JONNES: Yes. A large volume of technical assistance activities, but I knew almost nothing about these. By the time of my arrival in 1953, the volume was declining.

Q: How did you find working with the Austrians?

JONNES: Always instructive. There is a long tradition of imperial power in the Hapsburg Empire, one of the great empires of history.

Q: What was your title?

JONNES: I was a program economist.

Q: Was there a mission director then?

JONNES: The mission director when I went to Vienna was Clarence Meyer. When he left, Richard McCaffrey took over. Meyer was there for two years of our stay, and McCaffrey for one year.

Q: Well, let's go on to your next assignment.

Transfer to ECA / London, U.K. - 1956

JONNES: My next assignment was to London in 1956, the year of the Suez War that embittered British-American relations. I was transferred from Vienna to London to take a position as an assistant Treasury Attaché in the office of the Treasury, but technically I was part of the ICA mission-- there was a small group in London that was closing down the operations of the Marshall Plan and its successor agencies. The justification for our being there at all was to insure a reasonably, orderly conclusion of our operations. I think there were five ECA officers. Two of us were in the Treasury office doing general economic reporting. In point of fact, much of my activity apart from reporting on the balance of payment was concerned with various agreements for contributions by the United States to the British government for support for one or another aspect of the common defense.

Q: But the Marshall Plan had ended?

JONNES: Yes, the plan had ended in 1952. There were residual activities, however, and by the time I got there they had a number of small programs involved in the sale of our agricultural commodities of one type or another against sterling payment, and the question was then how should the proceeds of these sales be used. We were also very interested in helping the British with their procurement of various types of military equipment, and the financing of this became the subject matter of our day to day operations. There's not really much to be said because I was really outside the mainstream of development work. The mission as such in London was terminated in mid-'57 and all of us except the accountant left. Two of us went to the mission in Libya.

Q: A lot of activity was really related to the military procurement and analysis?

JONNES: And to the sale of agricultural commodities.

Q: And technical assistance?

JONNES: I had nothing to do with that..

Q: They were continuing, but you had nothing to do with it?

JONNES: Technical assistance under our aegis was virtually at an end..

Q: You weren't there very long?

JONNES: A year. A very pleasant year in spite of Suez, but an interlude.

Q: But then how did you suddenly get off to Libya?

JONNES: The decision was made in Washington that the aid mission in London--and I believe in other European capitals--were to be dissolves. I would have to put that question to the others because I had no idea what precipitated the decision.

Q: Didn't they say anything about the matter?

JONNES: No. What had been under consideration at that time for both myself and Don Palmer was that we would enter the Foreign Service, but that never worked out for either one of us. Don later went on to IMF.

Q: You were assigned to Libya?

Assignment in Libya on detail to the Office of the Prime Minister - 1957-8

JONNES: I was assigned to Libya and detailed to the Office of the Prime Minister to the Development Counsel of the National Government. My job there was to aid and counsel the Libyan government on its development processes. Then most of us were foreigners. The Deputy Chief of the UN Technical Assistance Mission to Libya, a Brit, was the head of the Development Counsel and three of us made up the working staff, two Brits and myself. The Deputy Chief of the Development Counsel was a Libyan whose interest in this subject was definitely limited.

Q: Was it an ICA mission?

JONNES: Oh yes, there was a very large ICA mission, the director of which was Marc Gordon.

Q: You were a project so to speak?

JONNES: In a sense, yes, but as a project it was almost impossible. I spent a great deal of time in trying to work through all the economic data, such as there was, for them because

this was of course an area the Libyans had not even started to work at. Libya had received its political independence in 1954 after centuries of Ottoman rule and then Italian colonialism from 1911 to 1941. Thereafter, the varying fortunes of war beset the land, and then the UK took it under its wing.

Q: What was the situation in Libya at that time?

JONNES: Well, the political situation was that they were in the early stages of independence and were trying to work out what sort of a place they were. The King was very much in power and their economic situation was in a word impossible. They had not yet discovered oil nor did they believe for one second that they had oil. This was in 1957 when we were there and the first major oil was found in the spring of 1958, but I think the outside community realized that oil was coming in.

The real problem from the U.S. point of view was to make sure that our training facilities, the U.S. air base, remained in place. To this end, our AID mission had two functions: (a) transfer that volume of resources necessary to keep Wheelus airbase operating and secondarily, to see what could possibly be done to help this nation that had never been a nation as such begin its growth. Libya was characterized by a very rudimentary agricultural economy. Principal export items were scrap metal from the war - that is to say, the old tanks that had been left in the desert and esparto grass which is used to make fine writing paper. My concern was what could one do to encourage the Libyans in power to prepare for the coming of oil. What kinds of rational economic policy can one espouse? In retrospect, it was how to prepare for oil. What sort of infrastructure do you put in place? What the Libyans had done up to that time had little or no relevance to what they needed if they were going to become an oil producer. And for practical purposes there was no one to whom one could speak of such matters.

Q: You were aware at that time...

JONNES: Certainly we were.

Q: So what were you recommending?

JONNES: Unhappily, very little. We had a small agricultural development bank, the function of which was to get small loans out to farmers. As you know well, this is one of the toughest ventures in supporting primitive or traditional agriculture because inevitably in this type of society you run right into the local moneylender who not surprisingly has a great deal of political power and has little appetite for change. The problem is large in India as you know. In Libya, we were only a very small part of this.

Q: Were you able to get an agricultural development bank off the ground?

JONNES: We were able to in some small degree, and we put a small amount of American money into it. A major project that the Libyans wanted was the construction of a road to

Fezzan, deep in the heart of the desert. This was apparently one of the king's favorite projects.

Q: Constructing the road?

JONNES: Constructing the road.

Q: A road the nowhere?

JONNES: In point of fact it turned out to be a road to somewhere, to the capital of the desert province, the Fezzan. As one of the principal investments that the royal family wanted to make, it was related to the regular moves of the capital around the country. The first year we were there the capital was in Tripoli and the next year we were in Benghazi and had we been there a third year, we might have been up in Behda.--we were becoming part of a nomadic society.

Q: You actually moved physically?

JONNES: Yes, we moved from Tripoli to Benghazi. Early on I saw there was no need for me to be with the Development Counsel. My British colleagues and I recognized that this was no purpose to our being there as there was no one on the Libyan side to commune with.

Q: Largely because of the King's attitude?

JONNES. No. Largely because the Libyan government simply did not function as the charts suggested it might. I moved back into the Mission and became the program officer for one year.

Q: Did you build that road?

JONNES: The road was built, and I believe we helped to finance it. As I recall, we had agreed with the Libyans on a structure consisting of two parts for administering aid, the Libyan American Reconstruction Commission that would plan the use of aid funds, and the Joint Services, staffed by Americans, Libyans, and numerous Palestinians, to carry out many of these projects.

Q: This is like the old Joint Fund?

JONNES: That's my understanding, that it came out of our experience in Latin America.

Q: Same thing in Ethiopia? And this was sort of a shadow government arrangement.

JONNES: That's right. But in the case of Libya I think it was more than shadow and that was the problem.

Q: Who was the Libyan counterpart? The Prime Minister?

JONNES: I believe it was the Minister of Finance.

Q: What kind of other projects other than those did you support. ...

JONNES: Reforestation. One of the principal problems along the southern littoral of the Mediterranean of course is that of the control of water. For example knock down, drag-out battles were fought among the foreign advisors as to how one should try to deal with the problem of the wadis (dry gulches that in the rainy season flooded).. One fought and lost and one fought and won and it probably made not too much difference in the long run because the true power of the government was just not interested in these affairs.

Q: How much money are we talking about?

JONNES: We're talking about 4-5 million dollars a year.

Q: And this was support?

JONNES: Budget support.

Q: Budget support. So it was like a direct transfer?

JONNES: Yes.

Q: We didn't have any say about its uses?

JONNES: The funds were channeled through the Libyan-American Reconstruction Commission where at least nominally decisions on the uses were made jointly. But the Libyan culture was, as I have been implying, an inscrutable society for many of us. I don't think we had anybody in the Mission who understood what Libya was and no more than two or three people spoke Arabic, Libya was a very strange place as I've said. It had been part of the Ottoman Empire until 1911. It had then been seized by the Italians and fought over. The Italians moved settlers, colonists, from Sicily into Tripolitania and Cyrenaica. They had their tiny farms right along the road and this was an Italian colony. Libya as such had never existed. In 1954, the UN said it exists as a nation. There was a king, Idris of the Senussi family

Q: Did you ever meet the King?

JONNES: No, I met a couple of the princes. In fact we lived right around the corner from one branch of the royal family in Benghazi.

Q: Did you have any communication with them at all?

JONNES: Not any. In retrospect it's even more curious. We had nobody who could establish any sort of meaningful link with those people with whom we were supposed to be dealing with one exception, our link with the Ministry of Finance.

Q: How did you deal with the government.....

JONNES: Our principal contact was The First Secretary of the Ministry of Finance, Shagalouf.

Q: Was he the King's representative?

JONNES: I had the strong impression that he was.

Q: Presumably he was able to negotiate the grants that somehow achieved our purposes

JONNES: On June 30 at 11:59 p.m. we would be signing agreements for the fiscal year, and fair questions existed as to how meaningfully our Libyan colleagues took these except perhaps in the aggregate.

Q: We helped create the university as one of our projects?

JONNES: Yes.

Q: Which university?

JONNES: In Benghazi.

Q: Which American university worked with it?

JONNES: I'm not sure which university was there. It might have been Michigan State, but I'm not sure.

Q: The university was one of our projects that still exists, I guess. Are there other institutions?

JONNES: I don't know.

Q: What were some of the ones you remember having started at least?

JONNES: One project that we financed certainly was not one that we had initiated, that of the Tripoli Power, perhaps an institution but one that created more problems than it solved in one respect. The Italians had residual claims to the ownership of Tripoli Power, and if we were going to provide aid to Tripoli Power, in some measure it was to the Italians to whom the benefits would flow. We had a number of soil and water projects.

We had horticultural projects, livestock projects. We had a number of participants studying in the United States in general studies.

Q: The Libyans were not that much engaged in this.

JONNES: That's right. Absolutely. And as I say, there was a large number of Palestinian expatriates who staffed both the Libyan ministries and the joint operating bodies to which we were party.. One can't speak of them as expatriates, but exiles who were very good civil servants, very knowledgeable. The Libyans were not very happy with them, because they believed that they (the Palestinians) should be back in Israel worrying about getting rid of the Israelis.

Q: But they were part of the civil service.

JONNES: I would be very diffident about speaking of their status. We hired a number of them to work in the Joint Service.

Q: Then, there were very few Libyans, true Libyans, engaged in the program. Except for people working with us in the rural or farming areas, students in the university and like that.

JONNES: Yes. It was very discouraging.

Q: How would you judge the impact our efforts there?

JONNES: Well, it's difficult to tell. I put this questions to my older son after he had taught at the University of Benghazi in the late 1970's for two years, and he was hard put to it to give me an answer.

Q: But there were a few institutions that did remain?

JONNES: I would not be at all surprised if the Libyans went out of their way to ensure that these did not exist, with the possible exception of the university. But as you know our relations with Libya fell apart after Qadhafi took power in 1969.

Q: On the short term basis, the programs sort of served our purposes....

JONNES: Certainly in the aggregate. But, the dynamics of the Ambassador's relationship with the Prime Minister and King I can hardly speak to. And oil was becoming a major theme.

Q: But it hadn't entered the picture.

JONNES: They were exploring vigorously.

Q: Anything about the Mission itself in terms of the group you were working with?

JONNES: Not really. I think I was concerned always about how in heavens name one arrives at rational decisions about the use of resources in Libya. And I spent time trying to persuade our people on the spot and back in Washington that this was a question on which one should focus.

Q: After Libya then?

Return to Washington and the ICA's Africa/Europe Bureau - 1959

JONNES: After Libya, I returned to Washington in September, 1959, where I served for two years. Initially, I was in the Program Office of African and European Affairs of ICA and then I took over the Yugoslav, Spanish, Polish desks - in effect the residual programs of Europe. Only the Yugoslav program was not residual.

Q: Was there anything special in the work that you did at the Program Office?

JONNES: Well, the Harar Report on development in sub-Saharan Africa that was received in the fall of '59, and the question was does this provide a basis for our program operations.

Q: Were you involved?

JONNES: No.

Q: Well, you might want to comment on the Harar Report?

JONNES: It was becoming very clear, very quickly that the map of Africa was going to change, that the days of colonialism were coming to an end. What could and should the United States do to make this transition more effective, easier, quicker. Certainly the set of recommendations was aimed at investment in educational facilities and suggested that the aid programs in Africa really had to focus on education in the long run. How this played itself out in the individual countries was to be determined. But here we were in '59 in the closing years of the Eisenhower administration, and my impression was and is that the political support for this type of new emphasis was missing. This was not something that Eisenhower was interested in. We were coming up to the 1960 elections. Internally, this was a very interesting report in taking a look at a set of problems that would be with us for a long time. This is something that we should focus on. I'm not sure what the reaction was in the AFE upper echelon.

Q: Any other aspect of your work at the Program Office?

JONNES: It was my strong impression that this was a bad time for development assistance. We had lost our administrator from one day to the next. My understanding is

that 19 persons had declined the post of head of ICA before James Riddleberger took over. This he did, I assumed, out of a sense of duty as a foreign service officer. He had been involved with the Marshall Plan as the State Department's representative in our European headquarters, the Office of the Special Representative. But he certainly was always interested in ICA, and so here he was as our chief.

Q: Then you shifted to the Yugoslav desk...

JONNES: Then I shifted to the Yugoslav desk where a tremendous amount of activity was going on through our Development Loan Fund and our technical assistance activities. The Yugoslav's had picked up on a number of these with the focus primarily in agriculture. They had worked with a consortium of five mid-western universities, all Land Grant universities, to establish their own research facilities in hybrid corn and animal breeding.

Q: Do you remember what universities were involved?

JONNES: I am not sure but believe that the University of Illinois and Iowa State were part of the group.

Q: Essentially research?

JONNES: We provided for the long-term training of Yugoslav personnel in genetics - plant genetics and breeding. It provided support in Yugoslavia through demonstration equipment and advisors.

Q: Were there many American technicians in Yugoslavia?

JONNES: Not many resident but substantial numbers of personnel on contract or short-term assignment.. We did not have them in the Mission, but there was a great deal of travel back and forth. We also worked with the Yugoslavs in hog farming and they did very well out of this. We used large amounts of counterpart for road building. This is an art which they have still not mastered in Yugoslavia.

Q: We had a lot of counterpart funds?

JONNES: Yes, we had large counterpart funds.

Q: We provided a certain amount of Marshall Plan money in the past.

JONNES: That's right. Almost \$200 million under the Marshall Plan and just over one billion dollars under the MSA.

Q: But they had general economic aid?

JONNES: Yes, indeed. Because Yugoslavia was one of the pawns in the cold war, and we believed it desirable to support Tito who had had the temerity to challenge Stalin on his own ground as it were.

An ancillary activity was support for Poland dating from 1956, basically from the Ex-Im Bank. Curious enough, we also supported a children's hospital in Krakow and this was one of the more unusual activities. This was a project that Mr. Zablocki, the then Chairman of the House Foreign Affairs Committee, strongly supported.

Q: Mr. Zablocki?

JONNES: Yes, it was his *Lieblingskind*. Senator Hubert Humphrey for that matter was another strong supporter. The two of them were very much in favor of this venture, and it was in fact completed.

Q: Back on Yugoslavia. Were there other programs and innovations that we made apart from the hybrid corn?

JONNES: I think that most of our aid at that time took the form of projects being financed through the Development Loan Fund.

Q: Did you have any sense of the ethnic mix in Yugoslavia at the time?

JONNES: We thought that they were in the process of working out their political problems, more fools we. That Tito was able for so long to keep these internal, ethnic hostilities under control was most remarkable. We were quite aware that there were deeply-rooted animosities, centuries if not millennia old, among the various ethnic groups. This was not an issue for us at that time. It looked as if there were a greater awareness of the importance of working out their common fate. I don't think any of us working around Yugoslavia could have predicted what has happened. That simply points out the importance of what we talked about earlier. If a country can not work out its internal political problems, everything else becomes almost moot.

Q: How about a little more on Poland. Were there other programs?

JONNES: No, basically this was it. I went to Krakow on one occasion to talk with the people there.

Q: Whose idea was this initially?

JONNES: This was the idea of a Polish-American by the name of Bernacki-Poray. I don't remember his first name, but this was the family name. He was a rather flamboyant doctor who single-handedly persuaded Zablocki that a children's hospital was just exactly what the United States should be doing to show its concern for Poland. We as the bureaucracy were concerned with one thing. It's all well and good to talk about the use of counterpart (it wasn't technically counterpart, it was PL 480 - local currency under our

control). It's one thing to talk about the use of that currency, and it's another thing to talk about the use of dollars. The supporters of the project from the beginning had insisted that no dollar appropriation would be needed, and our concern at every turn of the road was to see that that remained so. But the support that Bernacki-Poray had claimed would be forthcoming from his fund raising efforts never appeared. This failure was papered over by our friends on the Hill and they ended up voting sizable dollar appropriations.

Q: What was the scale of our contributions, do you recall?

JONNES: The scale of our contributions - I think we were talking the equivalent of six or seven million dollars in PL 480 local currencies and then ultimately we were talking several million dollars which would require authorization/appropriation action by the Congress.

Q: It was ear-marked funds?

JONNES: Right.

Q: Was it built?

JONNES: Yes, it was built and operated basically by the Poles. I don't know what happened to Bernacki-Poray. Nor do I know whether it is still functioning.

Q: And this was to be a sort of political symbol?

JONNES: Political symbol. That's the way Bernacki-Poray sold it, and that's what Clement Zablocki thought it was, and I'm sure Sen. Humphrey thought the same.

Q: What were our political interests at that time?

JONNES: Here we are in the late 1950's. The first stirrings of the project occurred in 1956. There had been the Hungarian revolution in 1956, and there were indications that the Poles might go the same way. We were trying to show support for their independence from the Soviet Union through non-violent means, another expression of the Cold War that so dominated our lives.

Q: Were there other activities at all in Poland?

JONNES: The US made several loans for large investment projects, and we had a small PL 480 program. The largest loan that the Ex-Im Bank made was finance equipment going into the Nova-Huta Steel Mill just outside Krakow and this became the center piece of the steel industry in Poland. In terms of it's environmental contribution, I guess it almost killed the city of Krakow because of the problem of emissions.

Q: Anything more on Krakow?

New role in Paris working with the Development Assistance Committee, OECD - 1961

JONNES: No. I would say that the next assignment in my service with USAID was one of the most interesting periods of my life. We were embarking on a major effort in Paris to persuade our European friends that they should share in the cost of providing more development assistance. and that they should be taking a far more positive, far more active, far more aggressive role in the efforts to deal with the problems of the third world.

Q: What year was this?

JONNES: This was 1961. In October I moved to Paris on assignment. The OECD had just come into being as the successor agency to the OEEC. The latter had been the central administrative agency for the Europeans for the Marshall Plan, i. e., it had been the point at which the Europeans undertook all major substantive discussions about the amounts of aid and terms of aid and conditions thereof for the Marshall Plan. In the years following the Marshall Plan as such, the OEEC was preoccupied with the evolution of economic development within Europe and with all the manifold problems that came out of that. In addition of course, the European Economic Community had come into being--in 1955 or '56-- with its headquarters in Brussels. I think it likely that the latter development diminished the OEEC considerably. But the OEEC from the American point of view was the primary institution where we could engage the Europeans in general economic discussions. In 1961 occurred the transformation of the OEEC into the OECD (with the US becoming an official member) that also provided for the inclusion of the Development Assistance Committee, previously an ad hoc body, in the organization and added a new dimension to its economic work. The Committee was made up of members who were providing development assistance to the third world. That meant the British, the Germans, the French, the Dutch, the Belgians, the Scandinavians, the Italians, the Portuguese, ourselves and later, the Japanese. The primary questions that underlay our business were those arising from our respective views of how much development aid should be given, to whom it should be given, and who should be giving it. The first problem was to define more rigorously the term, Official Development Assistance, and then determine who actually was giving aid . So for the first year or so we embarked on something of an exploratory expedition to define aid and begin to collect the statistic. We finally reached a consensus that development assistance should represent the transfer of financial resources at subsidized interest rates at longer term for the economic and social development of the recipient. That is to say, there should be a subsidy, i. e., the resources should be at an interest rate below the market rate, and it should be designed to help in the development process of the country that was receiving the resources. At the same time, questions arose on how we could best focus the energies and the resources of our governments as aid donors on particular problems of the less developed world. Initially, we thought in terms obviously of the individual recipient. At the same time we were confronting these problems, the World Bank was beginning to set up its systems of consortia and consultative groups. Then, too, the OECD was beginning to

address the development problems of its poorer members, specifically Turkey and Greece, by setting up consortia of aid giving members. In the DAC we also undertook reviews both of the need for aid by region of the third world and a review of how these needs were being met by each individual donor's efforts.

Q: Who was the chairman at the beginning?

JONNES: Ambassador James Riddleberger who had been head of ICA, as well as our Ambassador to Yugoslavia and Greece, was the first head of the Development Assistance Committee. He was followed by Willard Thorp, a distinguished economist out of Amherst College who had been active in Washington over the years dealing with various economic problems.

Q: What was your title?

JONNES: The technical title of that position was advisor in the US delegation to the OECD. Initially, we had a small group directly under Ambassador Tuthill. Seymour Rubin, who had been the general counsel of AID joined us in the spring of 1962 as the US representative to the Development Assistance Committee. I think there were perhaps five of us who served as advisors on the delegation. He was succeeded a year and a half later by Frank Coffin who had been congressman from Maine and then had been one of the persons most active in setting up AID. I think Frank also served briefly as the deputy administrator of AID. I'm not sure how long his assignment was, but anyway he came to Paris two or three months before I left.

Q: Were the other donors providing a lot of assistance at that time?

JONNES: That was one point we had some difficulty agreeing on. It provided us with a whole maze of questions as to what type of financial resources might be regarded as development assistance. And of course every government that was providing financial resources to any less developed nation was delighted to have that defined as development assistance even if the resources were not going to development assistance. We were by the very nature the organization compelled to take a looser view of the transfer of resources rather than a you or I might have done if left to our own judgments.

Q: What were some of the trickiest issues in that aspect ?

JONNES: For us there was a question as to whether resources that we transferred to Israel actually constituted development assistance. There was a fair question as to whether Israel was in any sense a less developed country. Certainly in my eyes, it is not. And there was a question as to the purposes of the aid.

Another of the more difficult questions was that of French aid to the former French territories in Africa. How should one treat the transfer of resources that had been agreed to perhaps as part of the ending of colonialism, i.e. that had been agreed when the countries achieved their independence? Much of these resources undoubtedly went to

meet the operational costs of the government. Would that be development assistance? Quite apart from the more narrow issue of resource transfer, there was an unending preoccupation with the more general policies that we as donors should guide on in administering aid. I think that those of us in the business of development didn't realize how difficult the transition from newly achieved political independence by a traditional society to a modern, independent industrial power really is, nor did we appreciate the absolute essential point that these nations to become nations ultimately had to reach a degree of stability in their political structure. This is perhaps another way of saying that above all how these nations had to learn how to transfer domestic political power over the years without undoing all of the political and economic progress already achieved. Over the past fifty years, as we know, so many of them just have failed utterly in this process.

Q: I've always understood that the U.S. objective in forming the DAC was to get the other donors to put up more aid.

JONNES: Certainly that was the proximate reason for our pressing for the DAC.

Q: Were you successful in that?

JONNES: I would suggest that we were. The data show that over the first ten years of DAC's existence, there was an increase of some forty-six percent. The increment reflected sharp increases in the aid programs of Germany, Japan, the Nordic nations, and the Dutch. There were of course other factors at work, not least of all our bilateral approaches to other donors, but the mild pressures exerted there in Paris surely contributed to the result. The burden-sharing exercise also reflected these changes, that in 1960, the US provided some fifty-seven percent of total Official Development Assistance from DAC members; in 1970, about forty-five percent. Bear in mind that these are rather simple-minded comparisons, but they do point to a conclusion that we were not working in vain. One of the small monuments to the activities of the Development Assistance Committee was the annual report by the chairman. It was truly a report by the Chairman but it also included all of the data we could agree to publish. This became one of the more valuable documents for the development community over the next decades.

Q: Were there any ideological issues in terms of concepts in development that they discussed in that?

JONNES: I think the ideological differences in the approaches to development came a little bit later, that we were still in the beginning stages of thinking seriously as national aid donors, were just beginning to think about aid doctrine. Such issues as where should the emphasis in allocation of resources to an aid recipient be, What should be the emphasis put upon the pattern of government expenditures. What should these governments in these countries be doing. Where do you put money in education. Where do you put your money in agriculture. I think it took a long time for doctrines to emerge and the debate on these doctrines had really just begun between the Europeans and ourselves. The Europeans were far more relaxed on the questions of private versus public

ventures so far as investment in productive enterprises were concerned. This probably reflected the European experience over the years on public investment versus private. Quite frequently they through “force majeure” found themselves as governments running major industrial complexes because of the circumstances induced by World War II.

Q: At that time the U. S. was the largest donor in terms of the ratio of aid to GNP?

JONNES: No. We were at the average in 1960 and a little bit below ten years later and always below what we had in the DAC set as our goal, 0.7% of GNP. The former colonial powers in Africa--France, Portugal, Belgium--had the largest share. Except that the French were number 1.

Q: How did the DAC relate to the developing countries? It has always been my experience that they didn't really interact as a group. Is that fair or not?

JONNES: As concerns the early stages of the DAC, it is not fair, but in a real sense we were experimenting as to how best to approach the aid-giving process. No, that's not fair. When we met to consider regional problems in parts of Africa, Asia, Latin America, we normally had representatives of the governments in the region joining us to simply talk about their problems. There were sessions for the exchange of information and for our education rather than aid giving sessions. You have to remember that in the early 1960's most of the African countries had just become independent. We were really on the threshold of international development as a concept. So we had, for example, one large session with the East African Community, the three countries and the body of common services for Uganda, Kenya and Tanzania. We had representatives from the three governments present. These were larger sessions. I think that in terms of education, not only for us but above all for many of the Europeans these were most useful. In any event, East Africa didn't turn out the way we thought it would turn out. We had sessions with the government of Thailand, sessions with the Taiwanese. We had one session with the Latin American countries but they seemed well beyond this sort of thing.

Q: Did you have country reviews at that time?

JONNES: We had the country reviews of our members' aid programs, but not of the development progress of the aid recipients. In the former case this technique was the chosen technique of the OECD when the organization was examining the economic growth of its members. We simply borrowed the technique and applied it to the broad question to each member, how is your development assistance effort doing. The aid policy makers of the particular country would come to Paris and would explain what was happening in their countries and what they expected to be doing and they would be queried carefully and closely and on occasion very sharply.

Q: Was this an annual event?

JONNES: Yes.

Q: What were some of the issues you recall of the countries review of the U.S. program?

JONNES: That's a very good question. In 1961-62-63-64, we were perhaps at the strongest point in our aid programs arithmetically, and our European friends were concerned always about the level of assistance to Israel. Later, the same question would arise about our supporting assistance programs, above all that in Vietnam. The Europeans were very much interested in our experience with questions such as at what point do you get out of the aid business, how to you determine when you're successful, how do you deal with questions of those policy changes that the recipient governments should make if the aid is to be successful. I think a considerable part of the DAC's discussions at that time had its focus upon exchanges of donor experience. The smaller European countries had no desire to set up large aid organizations such as we had and they were constantly querying about how one can do the aid business more effectively and more rationally. "And what do you Americans think as you go through this process. How can you help us." There wasn't much criticism of the U.S. aid effort. We were doing much and were ahead of the game. That criticism came later I suppose. Q. Was there any attempt on our part to justify our levels of maybe not being as great as they could be because we were providing military assistance? Was there a discussion on that?

JONNES: So far as I recall, there was very little of that. That too came much later, particularly in the context of Vietnam when so much of our development assistance was going to Vietnam and some Europeans considered our support to Vietnam as inexplicably large quite apart from not being development assistance. Our efforts to have military expenditures wrapped into a burden-sharing exercise were at best inchoate so far as I can remember.

Q: Were there any particular topics you were personally working on or concerned with?

JONNES: I worked across the board in arranging for the American participation in the regional and country discussions. I worked on the statistical side with the OECD personnel who were really very, very good.

Q: DAC had its own staff?

JONNES: DAC had a small staff as part of the secretariat of the OECD. Yes, that's correct. And we had several Americans who were on staff there. For example, Sherwood Fine was the head of that office.

Q: So it was very heavily American influenced?

JONNES: No, I would say if anything, the US was under-represented. Sherwood was there but there were very few Americans beyond him. There were many Germans, British, French, Scandinavians.

Q: The head of the secretariat, not DAC?

JONNES: Well the Secretary General of the OECD was Kristensen.

Q: I was thinking of the staff.

JONNES: The chief of the staff office working on development matters was Sherwood and then the Chairman of DAC was American, so those two positions were ours. But the Chairman had no direct, operational responsibility for the OECD staff.

Q: Was it a matter of tradition that the chairman should always be an American?

JONNES: Yes, there was an understanding that an American would be the chairman and a Frenchman would be the deputy. And I think that's held until this day, as a matter of fact. I would simply note that subsequently, some fourteen or thirteen years later I went back to Paris as the U.S. representative to the DAC for what turned out to be another three years stint. And at that time I devoted some of my energies to trying to persuade my colleagues that the time had come to close down the DAC, but I will come back to that period later in this talk.

USAID/Turkey as Program Officer-Economist - 1964-67

JONNES: Let me pick this up later on if that's all right.

But from Paris, quite unexpectedly, I was transferred to Turkey to be the program officer and economist at the AID mission there. The assignment proved to be a remarkable three-year period. A new mission director, James Grant, an extraordinarily energetic, intelligent person. The work in Turkey was in every sense of the word development work. We had a very large aid program there, both in technical assistance and in large investments. The Turks were in the third year following a military coup a coup that had been precipitated by Turkey's national bankruptcy at the end of the 1950's as a consequence of remarkably irrational economic policies. The military had intervened in 1960, had deposed the prime minister, foreign minister and finance minister and ultimately had executed the three men. By 1964 they, the Turks, were in the midst of an intensive period of development planning. They had a national development plan in place. They had called upon the OECD and then the OECD to help them make this transition out of bankruptcy and into more powerful development. The OECD had agreed to do this, setting up a consortium of aid donors to help Turkey directly. Also of great interest the OECD had concluded a massive study of Turkey's public investment policies, particularly in their state enterprises. These policies had been one of the principal causes of their economic woes. When Ataturk took power in 1922, Turkey was truly an undeveloped, agricultural economy. He, Ataturk, and his colleagues were very much concerned to begin to put into place a modern industrial economy. At that time when they looked around for models, there were the Italians, there were the Russians, both of whom put tremendous emphasis of course on public ownership of productive facilities. This was

the route that Ataturk followed generally in the manufacturing sector of the economy. And their experiences here were in financial terms disastrous because whatever the branch of industry: sugar, textiles, machine tools, tires, you name the branch of industry, they followed monopolistic, dirigistic policies to the point that the manufacturing sector had become one of the driving forces of their bankruptcy. The OECD did a series of studies for them in 1960-61, producing a set of recommendations for the government to follow. The government agreed to do it, made a series of institutional changes, but they still did not really do away with the state economic enterprises. So the major player in the Turkish economy was the Turkish government so far as production was concerned. And this was a continuing problem.

We as an AID mission had a variety of priorities. We were helping in the financing of new power sources, most notably, the large dam on the Euphrates, the Keban Dam. The European Investment Bank and several of the European governments were also involved in its financing. We were concerned to help the Turks move away from the government as the economic entrepreneur, using various devices: by setting up sub-lending organizations for private entrepreneurs, by encouraging the investment banks to do more lending to private entrepreneurs. But at the same time we had substantial technical assistance in education with the objective of providing the Turks with well-trained business people.

Q: What was the level of resources there?

JONNES: As I recall that the US government was providing about \$200 million a year, including the technical assistance program, PL 480, and development lending.

Q: There was PL 480 money?

JONNES: Yes. One of our principal objects was to make sure that the consortium was working. So one consequence of this was that I spent a great deal of time working with the secretary and with the chairman of the consortium. The latter's chairman was a German, Herr von Mangoldt, and the executive secretary was an American, Walter Stettner. They headquartered in Paris.

Q: But the World Bank was not down there in this?

JONNES: Not at that time, as their relationship had suffered during the anguish of Turkey's bankruptcy. But in a real sense, we were helping the Turks in reestablishing their nation's international economic status, not only with new aid but through restructuring their external indebtedness. At the time it seemed to us for a variety of reasons that on quite moderate assumptions Turkey had it within its power over the following five years to reach effective self-sustaining growth. One of the underlying assumptions had absolutely nothing to do with anything we had ever done. Rather, it arose from the construction in 1961 of the Berlin wall, the wall between East and West Germanies. The wall stopped the flow of refugees from the East to the West, and the Germans had to start looking elsewhere for large numbers of workers they needed in their

expanding economy. One major source was Turkey. By 1964 the Germans already had more than a million Turks there. Among the questions this presence raised was "What about the transfer of the financial earnings of these workers back to their loved ones in Turkey?" And this quickly became a major source of foreign exchange for the Turks, foreign exchange that eased many of their external financing problems.

Beyond this windfall, Turkish exports were doing very well, they were beginning to produce good quality textiles at more than reasonable prices and they were making life very difficult for other producers in the European markets. And much of the textile production was actually private. The tourism industry was beginning to grow rapidly. The Europeans were beginning to realize that Turkey was just a marvelous place to find the sun and find a cheap holiday. Thus, it seemed to us that within five years or so the Turks should be in a position to reach a position of de facto economic independence. And in point of fact, lo and behold by 1971, they were in any technical sense, that their foreign exchange situation and balance of payments were in order. They managed to undo their success because of their own internal political problems, including a great measure of domestic terrorism.

Q: How was it working with the Turks at that time? JONNES: It was very satisfactory. We succeeded in establishing excellent working relations with the senior economic people, with the officials of the Ministry of Finance, and with people in the private sector. In any event, our first chore was to persuade the Turks we were there to help in the development process. Our concern was also to make it possible for our military cooperation to continue, but we had shifted the emphasis, and they had confidence in this.

Q: What was our primary interest?

JONNES: Our primary interest always was to make sure that the Turks were there to hold the right wing of NATO. Remember, we're still in the middle of the Cold War, We had, as you know, major radar bases, listening posts, all over Turkey, and at least until the Cuban missile crisis in '62, we had missiles in Turkey.

Q: Did the bases reflect a major transfer of resources to Turkey or was it not really? The fact that we had our bases there must have meant a large flow of funds into the Turkish economy.

JONNES: I'm not sure that's correct. The American troop presence was minimal. In fact thinking back on the balance of payments calculation, I think the earnings if you will from the American presence were small. So many of the bases were out in the true backwoods where there was little or nothing for the troops to buy.

Q: Did the Turks consider our economic assistance a quid pro quo?

JONNES: I don't really know how they thought of it. The people with whom we worked in the ministry of finance, and in the planning organization and with the prime minister

took our aid as an effort to get them over their difficulties, to make their transition to a more modern economy. Now, many of the Europeans at the time were members of the consortium. The Economic Community had concluded agreements with the Turks under which Turkey had associate membership in the Community. But although there were dates given for when this would proceed toward full membership, it's significant that here we are in 1998 and the Turks are still not full members. The transitional phase was loosely defined. But the point I'm making is that most of us working on economic matters with the Turks were reasonably confident that the nation was within striking distance of self-sustaining growth and that this in and of itself was a reasonable justification for helping the Turks.

Q: How big was the mission?

JONNES: We must have had 150 Americans and then a number of contract people.

Q: Mostly working on industry?

JONNES: Not really. As always, the larger numbers are working on technical assistance which is very labor intensive, working on support of the Middle-east Technical University at Ankara, working on a series of schools to support commercial skills: accounting, all the business skills. Public health programs, particularly family planning programs, which I guess are now a no-no on our side. The population growth in Turkey was on the average of 3 percent per annum, and the country is still growing. Working on public administration. That was part of the work at the middle-east technical university on public administration. We had contracts with Cornell, contracts with Michigan State.

Q: What of those programs did you think was most effective? Were they effective?

JONNES: Thirty years later, that is a difficult question, and I don't think I can really even try to answer it. Let me go in a different direction. One curious aspect of Turkey at that time was that Islamic fundamentalism had not really begun to show itself. It was very clear there was a problem with the Kurdish minority, but even those problems had not yet really begun to surface except that the population was moving in large numbers into the cities, and a lot of people who were moving into the cities, into Izmir and into Istanbul were from the far eastern part of Turkey where the Kurds are. As the Kurds moved in it was very clear that their customs differed considerably from the customs of their Turkish fellows in the cities. The Kurds tended to solve their problems with violence rather than words, and therein lay the origins of serious problems ten years down the way.

Q: You were working mainly on macroeconomic issues?

JONNES: Mainly on macroeconomic issues, working mainly on making sure the consortium was in good shape, and of course always working with our friends in Washington.

Q: Was there much concern about these parastatals and the need to privatize these big corporations?

JONNES: Yes, quite a bit of emphasis on this out of our Washington offices. As I noted before there had been this tremendous work that the OECD people had put in just before the change to the OECD, this survey of the state economic enterprises and recommendations for dealing with the problems that they perceived in the state economic enterprises.

Q: Were those addressed, were there some changes?

JONNES: Oh yes, they had created a new state investment bank that was to keep very careful tabs on the financing and the P and L lines of the companies. A major problem had been that nobody really knew what was going on in the individual firms. These firms were also highly politicized.

Q: Were we able to persuade them to spin them off into private...?

JONNES: It would be a fascinating study, one I'd be delighted to do, to go back now and see what actually happened. It's very clear now that the last thirty -five years changed the nature of these enterprises. There has been the emergence of a large entrepreneurial class in Turkey now. And this whole question became one of the central political questions of the Turks. Suleyman Demirel became prime minister, (today he is the president of Turkey), in 1965, having made the problem of the state enterprises one of his rallying cries of the election. He was saying, "Look at these incredible misinvestments that we have made over the years, that we are getting nothing out of them except maybe some jobs, but we're getting nothing out of them in terms of economic return. And this is a situation that cannot continue if Turkey is going to be economically viable." He won the election. But how fast and to what extent the effective role of the state enterprises changed is quite a different matter.

Q: Would you consider Turkey then one of our successes?

JONNES: I'd certainly consider it one of our successes, but there were obviously elements there that we never took into account, such as the problems with ethnic groups, the Kurds and the growth of Islamic fundamentalism, all of which have had powerful effects on Turkey's economic growth. Yet those are problems we of the US are hardly in a position to speak to, let alone help in devising solutions. They went through a terrible time in the mid to late 70's that brought yet another military intervention. Terrorism was running rampant, and I think, as a personal opinion, that this terrorism was in large part Kurdish in origin.. It was billed as a leftish - rightish tug of war, but I think it had a great deal to do with the Kurds. My wife and I visited Turkey in 1979, and the country was truly falling apart. Within the year they had a coup. It seems almost every ten years this happens. And now one sees the emergence of a major Islamic fundamentalist movement, and where this is going to lead Turkey I don't know.

Q: Do you think that was in any way a reaction to the development that was taking place?

JONNES: Probably in some part, but this I just don't know. My hunch would be that as the Turkish economy grew, and it has grown, as Turkey became increasingly associated with the European economy, the benefits of this were simply just not that visible to everybody. At no time did Ataturk really succeed in breaking the century-long lifestyle of the people in the back country, in the villages. They certainly admired Ataturk as the conquering general but when he sought to remove religion from state control, when he abolished the Caliphate and banished them, he never persuaded the villagers that they should abandon their religion, and the conflict between the villagers and the central government I think has grown because of this, that the villagers have been left behind in the social development process.

Q: Were much of our programs or efforts, or the government program concerned with the villages...?

JONNES: No, I'm talking about how the Turkish economy has moved long since we had anything to do with it.

Q: But at that time were our programs at all oriented toward ...?

JONNES: We had done a great deal in the early years of our program to help agriculture, particularly by providing machinery for wheat farming, by building or financing the construction of the whole system for moving wheat to market, but the level of rainfall in Turkey is, certainly up on the plateau, about 15 inches a year, and this is just at the break point, if you miss a little bit why you're in real trouble. One might almost think of our history out on the great plains, it's almost exactly the same, where you get about 15 inches of rain a year, but some years you get less, and when you get less you are in serious trouble. This happens there in Anatolia, and what can one say. Let me go back to one of your earlier questions. Certainly one of our most successful technical assistance operations I think is that in the field of transportation, highway construction and management of highway transportation. Our help came in large part in the 1950's and led to an excellent system of roads in the country, and even more importantly, a bureaucracy that could deal with maintenance of these roads. Now here in the District of Columbia we have the difficulty of understanding the need for maintenance of facilities! But the Turks managed to get this early on, at least for the highway system.

Q: Were our ideas of rural development, community development, not considered?

JONNES: Well you're talking about a large country with some ethnic problems. I think the Turkish interest in helping with the development of the Kurdish villages was minimal, and for many years the Turks simply would deny that there was any Kurdish population.

Q: What about areas outside that were not Kurdish areas? Was there much concern?

JONNES: Not too much. Of course the Turkish military gathered in through the draft many of the young men from the villages. Some of the people from the villages also went to Germany to work. The exposure to the outside world through these sources would be considerable, but still today, the Turkish village is still caught in time and can be an extraordinary mix of new technology and age-old primitive practices. To say the least, it's not at all a simple matter. We as the United States did not have, as I recall, any major village development programs. There were studies being done by sociologists, but these were not in my time translated into programs of any sort..

Q: But the health programs, the population programs, they were all mostly urban-centered?

JONNES: Not really, for the Turks were beginning to try to reach out with small health clinics in the villages...There were Johns Hopkins people in the public health sector. Obviously if you're going to run a national family planning program, you have to have a system and in Turkey village clinics were under consideration. I do not know what happened finally.

Q: Are there any institutions that you know about today that were essentially started through the AID program?

JONNES: Of course. The highway administration for example is one. The Hajatepi Hospital in Ankara which received large amounts of American counterpart was headed by, close to a genius, who persuaded so many of the Turkish doctors who had trained in America to come back from the States and work in Turkey, which was a major sales job. The Middle-east Technical University in Ankara . The iron and steel industry in Turkey is a direct consequence of our investment and counsel. Both the DSI and the Toprak Su agencies, dealing with the management of water and soil conservation were strongly supported by the US and are an essential element of the Turkish government.

One of the more fascinating aspects of working in Turkey was that one constantly bumped into Turkish pessimism. They had been of course at one time the conquerors and rulers of part of Europe and Africa. They were in Vienna twice, in 1525 and 1683. They possessed a mighty empire, and then it began to ebb.. In the nineteenth century, the nation became the "sick man of Europe." For much of the twentieth century they have been plagued with, "How do we deal with our national fate?" Ataturk's genius was in a sense similar to that of Washington's as he insisted that Turkey was Anatolia and the Turks should accept this as their national territory and avoid entangling foreign alliances. He made it possible for the Turks intellectually to accept that they were not the Ottoman empire anymore. Today Anatolia is the heartland of Turkey, but in earlier centuries Anatolia was nothing. He taught them to, with the possible exception of Cyprus, not to be involved in foreign adventures. And this was one of the keynotes of his genius. But so many of the Turks when they look outside, when they look at the European nations and

look at us, they have this deeply rooted pessimism. And I think that if we in the AID Mission did nothing else we managed to communicate some degree of optimism to our Turkish friends about their future, and to persuade them that there was no objective reason for them to consider themselves in such a pessimistic way. "You can make it. You have it within your own power. You're doing it."

Q: Well you may want to add some more later. So you were there three years and?...

**A year's sabbatical as a fellow at Harvard's Center for
International Affairs - 1967-68**

JONNES: I was in Ankara for three years, then took a year off as AID seconded me to the Harvard Center for International Affairs.

Q: How did you find that experience?

JONNES: Extraordinary, in a word.

Q: Describe what you did or experienced.

JONNES: Well it was an unending banquet. Being as it were in the middle of the development business, here I come to an institution where one of its principal concerns was precisely that, how one helps with the development of the third world. There in the Center for International Affairs one could sit in on the weekly luncheon of the Harvard Development Advisory Service. One could take courses with all of the giants in the field of economic growth. I found myself in a one on one course with Simon Kuznets. I took an accounting course over at the business school. I took probability theory from the mathematical people. I sat in on courses with Ed Mason, and Tom Shelling, and Wally Falcon. It was overwhelming. And that one had time to read simply added to pleasures. I have four notebooks upstairs filled with the results of my work..

Q: Did you write a paper?

JONNES: I wrote a paper considering the role of foreign trade in the development process. Hollis Chenery was there of course. It was an incredible collection of personalities at Harvard. Henry Kissinger was one of the faculty members working with the Center, and he lectured or had three seminars with us, which were a great pleasure.

Q: What year was this?

JONNES: 1967-1968.

Q: What do you think was the principal message you were getting from all of that discussion about development?

JONNES: The basic message was that while the process for every country is by definition unique, and difficult beyond measure, development is possible. Curiously enough though, I think that even there at Harvard, at the Center and at the Development Advisory Service, they weren't thinking that deeply in terms of the time it takes to work out the political strains and problems incidental to the achievement of even a modicum of economic and social modernization.

Q: Did you get any sense of their consideration of the political factors? You made several references up till now about the management of the country and the political aspects that make all the difference. Was there a concern that we should be more preoccupied with democratic governments and things of that sort?

JONNES: I don't recall that there was that much by way of concern.

Q: But did they discuss this kind of issue?

JONNES: Oh sure, of course.

Q: Well, we'll come back to that. You were there a year, and then in 1968 you went off to...?

Assignment to Saigon, Vietnam, as Economic Counselor of the Embassy and the program officer-economist of the AID Mission--1968-69

JONNES: In '68 I was assigned to Saigon for a year as the economic counselor at the embassy and as the program officer/planner for the AID mission. That was quite a different world. I arrived in Vietnam about the first of August, 1968, to take on the dual position and found myself almost immediately in the middle of the fourth wave of the TET offensive, the first one having been the very end of January that year. Two more followed, and yet a fourth, each weaker than the preceding one. Nevertheless it gave me once again a taste of war. As I mentioned, I had been an infantryman in World War II and it was in a perverse sense going home, but not a home I particularly liked. The responsibilities that I had in Vietnam were two-fold: one, to seek to ensure that the South Vietnamese government maintained reasonable economic policies that above all restrained inflation, for hyperinflation could have undone all of the efforts to sustain the South Vietnamese nation; two, to help direct whatever the United States could do to speed the processes of economic development in the middle of wartime. The Vietnamese economy was of course a typical dual economy, so typical of the less developed world, that most of the output was agriculture, and there was a very, very thin industrial/processing/handicraft/trade sector. Let me back up. I would underline that the principal concern of my office was to ensure that the price of rice remained relatively constant. And this necessitated that one had available emergency supplies of rice, but it also entailed constant surveillance of what was going on in rice production in the country, because one did not want to completely destroy the local agriculture economy by throwing large quantities of imported rice on the market. On the other hand, if the

progress of the war was such that it physically threatened domestic rice production, one had to be in a position to provide food supplies on a large scale almost immediately. So much of the year I was in Vietnam was spent moving around particularly in the Mekong delta, constantly checking on what was going on in the rice market, what was going on in the production side of rice. A mundane economic problem and yet at times a very exciting process, because one was working really in the middle of a war. Where we were out beyond the sound of artillery, one could regularly hear the B-52's working off in the distance, a formidable sound. And at night on the outskirts of Saigon the war was present. One could go on the roof of our building and see the gunships operating and see the flares go up and hear the sounds of shooting. Such a setting, if I may understate a bit, tends to prejudice the process of development, if only because physical security is a necessary condition. I also spent a great deal of time in talking with reporters and visitors.

Q: Further on the rice, what were the factors and how did production....?

JONNES: In the year I was there I was very fortunate that domestic rice production was doing very well in spite of all four TET offensives. Rice was moving into the market, and one may assume the price was such that the farmers were willing to move to sell their rice. But this was a constantly shifting equation, and one simply had to be aware of what was going on.

Q: Were you providing assistance to the rice growers?

JONNES: Yes we were providing all sorts of assistance. Above all we were trying to provide security through the military, and trying to make available the traditional inputs, trying to ensure that credit was available to the villagers. We were also launching the introduction of some new varieties of rice, but this was a very tricky matter because of the traditional pattern of consumer tastes; the city people were unwilling to use the new rice because it didn't have quite the right consistency. One of the key questions in this equation of inflation was that of the wage level that the U.S. forces paid to its Vietnamese employees. This became curiously enough one of the great policy issues that we macroeconomic workers had to cope with because the U.S. DOD was not particularly concerned with price levels as such. Their concern was to make sure that they had employees who were willing to do the many jobs that needed doing for them, and what they had to pay was really irrelevant to them. For the South Vietnamese economy, the level of these salary levels was a critical determinant of what was going to happen to the GOVN's budget. It became almost impossible to persuade the Department of Defense of the unhappy aspects of their wage policy, but the time that was spent arguing with them in Saigon and back in Washington was incredible in retrospect. I would say that we fought a successful delaying action time and time again, but ultimately the Department of Defense was not to be deterred.

Q: Was there inflation?

JONNES: The year I was there, for practical purposes, no. The price increases for consumers may have been within five percent. But because rice problems were being kept in hand, and because we kept the Department of Defense at bay, as it were, we were successful in the short run; in the longer run we were much less successful I think. In mid-winter of '68-'69 I had a long chat with the prime minister who was persuaded that the problem of inflation was really the American fault, that the patterns of consumption that the Americans showed to the Vietnamese were a stimulus to ever-growing consumption by the Vietnamese. He felt that the psychology of this was the critical question, that one need not worry so much about what was being paid to the Vietnamese by the U.S. or what might happen to the Vietnamese budget. So in a sense I got little support.

Q: Was he right?

JONNES: I'm sure there was a psychological impact of the pattern of consumption by the Americans. How much this effected the price level is almost anyone's guess.

Q: What was the problem, what was the issue then?

JONNES: We were just chatting about the psychology of inflation, how he felt it was inevitable simply because of our presence. But then war by its very nature is inflationary. He was suggesting a much more passive position on dealing with the problem. The government itself had of course a swollen bureaucracy because of the war, and their wage policy was a major determinant of price increases. If they felt that their budget deficit was going to be underwritten by the United States, there was no reason for them to exert any discipline.

Q: So you had a debate with the government also?

JONNES: We had a debate with the government, but this was much less serious because you never knew to what extent you were being successful in your communicating. So if they tended to feel the issue was irrelevant because of the simple fact of our presence, their interest in any action would be equally irrelevant.

The other half of my duties were those to which I devoted much less time, i.e.: what could and should the United States do to encourage, to stimulate, to help with the process of longer term economic development in Vietnam.

We had a very large AID mission in the country, about 2,500 people, American officers who were focusing on what was happening at the village level. And we had our people in each of the four regions. AID representatives in each of the four regions responsible for conducting those programs of education, village health and general community development that would support the further thrust of development. The program office staff concerned with these programs ranged at about 225 people. Essentially Jim Roush, who was my deputy for the programming side, looked after these.

Q: What all were you doing?

JONNES: They were concerned with transportation systems, they were concerned with various agricultural programs I mentioned, they were concerned with public health, they were concerned at the national level with educational programs, of public administration. All of the more typical development undertakings that AID had sponsored over the years. We did a great deal of teacher education in Vietnam as I recall. Perhaps this sort of detail I can get as we come back through it.

Q: Do you think they were effective?

JONNES: Everything we did probably had its effectiveness severely reduced by the simple fact of war. There was hardly an area in Vietnam that was not being touched one way or another by direct war or by the indirect effects of the war. The Viet Cong was almost ubiquitous. The problems of village security were in a word overwhelming. And how one can encourage or work with the people in the villages under these circumstances was a constant problem.

Q: Do you have any sense of lasting effects? Obviously you were only there a year.

JONNES: This was a short term assignment for me. In the longer run we obviously didn't succeed because of factors having precious little to do with what we were up to. My own feeling was one of disaffection with the process because my judgment had been that the United States had erred in its policies toward Indochina in the mid-1950s at the time when the Geneva Accord was concluded. That was the moment to have agreed to a political solution, but the United States saw fit not to sign the accord and not to support the process of electoral resolution of the political problems of Indochina. My appreciation of French colonialism was never very high, and the prices we have paid in truckling to French colonialists in the name of anti-Communist were a bit high.

Q: What was your view about the policies that were implemented at the time you were there, the general policy toward Vietnam?

JONNES: Well, I thought probably it was doomed to failure. Having long since concluded that we had gone in the wrong direction, I simply gritted my teeth and focused on the suboptimal problem of short term economic evolution of the country. Another possible way out would have been, after the events in 1963 and the virtual revolving door leadership of Vietnam following the killing of the Nhus, to negotiate then. And who knows what might have happened had Kennedy survived. He survived the assassination of Diem in Vietnam by only two weeks I guess. It was a very unhappy time. In retrospect, one of the more powerful shocks of my life was the discovery of the grave misgivings that McNamara had about our policies there that led him out of DOD and the similar problems that led to Clark Clifford's disaffection. If the Secretaries of Defense are opposed to our policies, what are the civil servants, not to mention the US citizenry, to think of these policies.. There I was worrying about precisely the same things as they

were. Domestic political events in 1968-9 were extraordinary. President Johnson became a political prisoner; he could go nowhere in the country of which he was president.

Q: Did you have any chance to voice your concerns while you were there?

JONNES: I voiced my concerns to the head of the agency very loudly. Yes.

Q: The head of the agency.

JONNES: Mr. Bill Gaud.

Q: What was your line of comment?

JONNES: Basically what I've been saying to you. I found that paradoxical that I should be in this position I was in, feeling about the general venture as I did. In fact I had long since expressed views to the head of the Vietnam bureau, Grant. I had not expected to be in Vietnam longer than a week or two. And I was lied to systematically.

Q: What was the reaction of Mr. Gaud?

JONNES: Very understanding. And I was being transferred out. I had planned to go elsewhere at that time, i.e. to one of the international agencies. It was a very unhappy time of my life.

Q: Was there a primary security issue that you concluded while you were there?

JONNES: I'm not sure I know what you mean. Personal security never bothered me particularly. While I had been in infantry war in 1944-45 and did not like it at all, that was not a problem. Perhaps, we could have won the war, but that to me was a secondary issue. The real issue was what we were doing to the United States, and how we misunderstood what was going on in Vietnam.

If one goes back in history to Ho Chi Minh in France in 1919-1920, here is this image of a poor struggling Vietnamese Indo-Chinese who presents himself at every political gathering in the country trying to make the French understand that the Indo-Chinese want their independence. The only political group in all of France that gave ear to any of this were the communists. In 1920 in Tours at the annual meeting of the communist party, here is Ho Chi Minh receiving support. The relevance of Marxism to Indochina is totally zero, perhaps a negative quantity. But politically, this is where he got his support and was led right down the path. The United States could have supported the independence of Indochina except for our need of the French in dealing with communism. To this, one might add the view that our support of the South also would convince the Russians of our steadfastness in opposing Communism. Our Vietnam involvement ultimately, in my judgment, was part of the cost of the cold war if you will.

Q: And our misjudgment as to whether there was an honest national government as opposed to communism.

JONNES: Yes, exactly.

Q: Did you have any contact with the Vietnamese people in your travels around? What was your impression?

JONNES: I had a lot of contact but certainly not with villagers.

Q: Did you talk to villagers about this?

JONNES: It was very difficult to talk to villagers. There were all sorts of policy problems. One of the more curious was the position of the South Koreans on Vietnam. They had been encouraged to support our position in Vietnam and one of the devices for insuring this was in effect a broad assurance that we would do everything we could to help ease the economic impact of their being there. This included opening up the PX's to their people. Also, there was a South Korean group that was interested in getting the scrap metal out of the actual war zones. It was their view that they had a first priority on this and that they should be assisted in getting it out no matter what the cost in terms of dealing with the war conditions. It was almost impossible to deal with this; they were so clamorous in reiterating their demands for access to scrap metal.

A brief tour in Indonesia - 1969

I then moved on into Indonesia for a very brief period before coming back to Washington.

Q: How long were you there?

JONNES: Effectively I was there about six months.

Q: What was your position?

JONNES: I was the senior economic advisor of the AID Mission, but it was a very small mission doing a lot of training through participant programs.

Q: What was the transition? What kind of transition are you talking about?

JONNES: Actually, I'm speaking of two transitions. The more significant one was that of the Indonesian transition from the Sukarno government that had been overthrown in 1965. There had been, I'm not sure what term I would use, a large coup d'etat by the military, and four years later the nation was still in the process of adjusting to that. The smaller transition was in the AID Mission that was changing virtually all of its senior personnel at once. There was no Mission Director at the time of my arrival, and what the function of the Mission beyond participant training was seemed unclear. Once again the

focus of my operation was on general economic policy, but because the AID mission had not been a major player in economic policy matters since early on in the history of modern Indonesia, our role was muted. There was, however, a Harvard Development Advisory Service team working with the Indonesians.

Q: Was that financed by us?

JONNES: No. It was financed, I believe, by the Ford Foundation that also had a group there. Several of the economic policy makers of the new Indonesian government had been trained in the United States, and they were very sympathetic to American advisors.

Q: Were their training under our program?

JONNES: Some of it may have been, but I'm not sure. My time was passed getting the economic data in order. As in most less developed countries the economic data base was less than optimal, and trying to pull together all the information--e.g on rice production and rice consumption, in the case of Indonesia a critical economic determiner--took time and energy.

Q: Was this preparatory to some reorientation of the program?

JONNES: No, it was simply trying to establish a basis for rational decisions on economic matters I also worked with the World Bank people on balance of payments data. We did have what seemed to me a very effective population program, that is to say, family planning program, run by an American public health doctor, a program ultimately taken up by the Indonesian army. They decided that this was something that had to be done and applied their energies to it long after I had gone.

Q: Any other programs that you want to note?

JONNES: With the advent to large oil production, the need for American financial aid was clearly going to be limited. It was also very clear that the oil business was going to be a very serious oil business and that foreign exchange shortages would not be a constraint on Indonesia's future economic growth.

Q: This was in 19 what?

JONNES: This was in 1969 and early 1970. One of the main economic problems for Indonesia was one that of what policies should guide their use of these new resources, and I suspect that there was a great deal of tension between the policies that the Pertamina, the national oil producing company of Indonesia, would follow. and what policies the government felt it should follow. How this was solved ultimately proved to be, as I understand it, one of the unhappy incidents of the international development process in the last 30-40 years. The national oil company was able to use a vast amount of these resources in some very bad investments. But this is hearsay.

Q: We really had no influence on this issue one way or another, meaning the US?

JONNES: I suspect that is correct. But this all happened long after my departure.

Q: Where did you go from there?

**Appointment as deputy in USAID's Bureau for Program
and Policy Coordination (PPC) - 1970-73**

JONNES: At the end of March, 1970 I came back to Washington to become the deputy chief of USAID's Program Planning and Coordination (PPC), which was both the budget and the planning body of the AID agency. The office was essentially part of the office of the administrator, and was one of his principal devices in following and effecting the agency's programs. At the time Dr. John Hannah, former president of Michigan State University, was a year into his administration, and the head of PPC, Ernie Stern, had been six months in his position.

Q: Who became the administrator then?

JONNES: Well, John Hannah was the administrator until 1973 when Dan Parker succeeded him.

Q: John Hannah was there all the time you were?

JONNES: Until he left at the end of 1973.

Q: Were you the deputy in 1973?

JONNES: I was the deputy in PPC from the spring of 1970 until the fall of 1973 at which time I moved up and joined Dan Parker in the office of the administrator as general assistant. There was no deputy administrator of AID at that time. Dan Parker had come over from the White House all alone, and he needed help. We did not get a deputy administrator for 6-7 months when John Murphy came in. During that period I pinch-hit in many ways for Parker.

Q: You were sort of the acting deputy administrator then.

JONNES. That's just about it. Hannah had given me the formal title of Assistant Deputy Administrator when Maury Williams was detailed to the Vietnam Peace talks.

Q: Let's go back to PPC. What were the preoccupations at PPC at that time in terms of development policy?

JONNES: I think the principal preoccupation when I joined the office was to insure that we understood what actually was going on in the agency. This, as you know, was a very difficult period because of the new administration. Beyond this, there is a natural tendency among managers to maximize operational independence. In the case of AID, this meant essentially that the regional bureaus wished to operate so far as possible on their own. The bureaus felt that they alone knew what was happening in their part of the world and how they should use their resources. What added complexity to the process was that of course in some respects the bureaus were correct in their actions. But our obligation was to try to sort out what was happening from what we as an organization maintained was happening.

The initial problem for any new administration was to assure that its chief, as head of the agency, was informed about and able to assume meaningful responsibility for the agency. The function of PPC in my view was to help the administrator to inform himself on the entire range of the Agency's business and then help him to direct the use of the resources appropriated to us to achieve what we wanted to achieve. The central office of program planning and coordination thus was a major link between the administrator and the regional entities, but as you well know, we were not the sole source of information for the administrator. We at the same time had the problem of almost non-stop appearances before the Congress to explain what we wanted to do, what we needed by way of resources to do that, and what we had thought we had done with the resources of the past. The day to day operation of the offices, of our office, often overwhelmed the more general efforts we had in hand. This mix of planning, budgeting, and coordinating was one of the major elements of our work. The budget functions which were critical in various senses took up a major amount of time; i.e., we were usually operating in three different time sequences: 1. the current budget year, 2. the planned budget year, 3. the budget year two years previously which always required reconciliation and always had implications both for the current fiscal year and the next fiscal year. Funds that had not been committed and/or expended in the past might or might not be available now or in the near term future or further on down the way. I found myself increasingly involved in budget operations, something I had not previously been exposed to, that is to say, budget operations in the technical sense of the U.S. budget.

A note here on quite a different theme. In the late 1960's the American Economic Association under the urging of Andrew Brimmer had become increasingly concerned at the lack of black economists in the country. He, Brimmer, suggested that we, the US, and the association should look more carefully at the problem. We the economists at AID took him up and devised a program in the early 1970's for interns who would spend half their time working in AID-- anywhere in the organization concerned with economic problems-- and half their time in degree programs at any one of eight local universities looking toward ultimate Ph. D. economists. PPC with the bureaus worked up a small program. We had maybe a dozen people under this program which as I saw it over the next three years seemed to be working reasonably well.

Q: Do you know anybody that had come out of that program?

JONNES: No, not now, but I know that some did come out, and they went elsewhere in the US government in economic positions. Another program which PPC undertook was to work more closely with the predominately black colleges and universities in the country to assure that they, if they were interested, could draw upon us for information, course material, help in arranging seminars, etc. To this end we sponsored a series of conferences primarily in southern states in predominately black institutions. We would take a group of 5, 6, or 7 of us from AID and run a series of seminars for a couple of days. We would do this in various spots and bring in perhaps 15-20 institutional groups.

Q: Was there a particular development philosophy then?

JONNES: I'm tempted to say that the particular development philosophy at this time was essentially that implicit in the Ranis-Fei model of the relationship of agricultural development to industrial development, that a necessary condition of modernizing the economies of primitive societies was an increase in the efficiency of the agricultural sector from which the policy-makers of the country in question must then seek the resources to finance the investments in infrastructure and industrial development. But the extraordinary range of differences among the nations receiving our aid made it virtually impossible to generalize theories.

Q: But at the PPC at that time you and Ernie Stern were pushing agricultural development?

JONNES: Pushing is a strong word. Certainly, there was a recognition of the importance of the agricultural sector.

Q: What about central planning and the work in the course of the previous year had been very strong, lots of central planning units and offices like the Pakistan-India experience and so on. What was the view at that time?

JONNES: I think we were a great deal more relaxed about central planning. In nations that do not have functioning financial markets, it is obviously difficult to rely upon interest rates to guide investment. In such situations one needs some criteria that perhaps only the government can supply. Even in our world, in this country we do need criteria on public investment beyond the test of market interest rates. This was the problem that Turkey encountered. For a long time the Turkish state economic enterprises had no criteria whatsoever beyond politics and inertia to allocate new investments. As a consequence they had a shambles. But on the other hand one does not want the model of our Russian friends, the detailed planning for and compulsory implementation at the micro level. Even at today's level of computer competence, I would suggest that is obviously impossible.

Q: Were there particular concerns about infrastructure, you talked about agriculture. Where would you think the emphasis for research goes apart from going to agriculture programs?

JONNES: This varied so from country to country. I think one tended to look away from overall criteria other than that of efficiency. What is good for country "A" need not be good for country "B".

Q: There was very much a bottom up country programming process you say? It was a fairly open criterion. You weren't pushing any particular emphasis?

JONNES: It was for the aid-receiving nation itself to decide what its priorities were. Then one takes a look; then the discussion can begin. I think if anything we needed the talks to have more humility than we had. If only because there were so many nations.

Another venture that we in PPC launched was really an extension of the work that we had started with the predominately black universities. This was an expansion of our information program, i.e., an effort to talk with groups around the country as to what the AID programs were about. In 1973-74 we made a remarkable number of visits around the United States using a wide range of media. We did a lot of TV work. We did a lot of radio work. We met with editors and editorial writers. I often felt that one of the real weaknesses of our programs was that there was almost no understanding of our programs. We really had a serious go. I had no idea what influence, if any, our efforts had, but my Lord, we talked.

Q: Was this the period when the foreign assistance program was being buffeted badly?

JONNES: That's right!

Q: That is not unusual but this was one of the down periods. Anything more about the reaction of the public or their views or what they thought?

JONNES: It is very difficult to link the individual effort to the larger sum of public opinion. Who knows? I basically was surprised at the warm reception we got. I was all over the country at one time or another. How effectively we spoke; how effectively we persuaded? I was not so much concerned with persuasion as simply to explain. Here is what aid is about. Here is what we are trying to do. Here is why we, the president, the Congress, believe that this is a venture that the US government should be involved in. In the long run it is in our best interest if we succeed in doing that which we are setting out to do. This was the major thrust of the operation. Heaven knows there is enough misunderstanding, willful or otherwise of what we were up to.

Q: What about relations with the State Department? After all, this was about foreign policy. And the Treasury Department, what were they trying to get us to do?

JONNES: At the State Department we had at the central level, very close cooperation with the planning staff of the department. The number two man, Arthur Hartman, who was subsequently our ambassador in France and the Soviet Union, had worked with the

Marshall Plan He had a great deal of understanding and sympathy for the AID program. On the economic side we had a variety of people with whom we were as one who had worked either with or at AID. Sid Weintraub, for example, had been mission director in Chile. At the time I was there he was deputy assistant secretary for economic affairs and he was responsible for working with us. You had really a very close friendly operation.

Q: You had supporting assistance at that time?

JONNES: I forget the timing of the change in management of supporting assistance. I'm trying to remember when the supporting assistance was set up as a separate unit in the State Department. It must have been in '71 or '72, at which time they in essence went their own way.

Q: Mainly for allocations but we still had the responsibility for...

JONNES: Well, some. Nigeria may have received some funding from supporting assistance in fiscal years 1971 and 1972, despite the misgivings that we in PPC had. I had visited Nigeria in the fall of 1970 with a group to examine that country's need for assistance.

Q: Was this at the end of the civil war?

JONNES: The civil war was over and one question in Washington was whether Nigeria needed help to get over yet another transition. Our conclusion was that they certainly would need technical assistance in large quantities, but they did not, repeat not, need capital assistance at that time because they had oil. You know oil production and oil revenues came back very rapidly and so far as foreign exchange revenues were concerned, Nigeria had no problem. Of course a year later in '73 with the extraordinary increase in the price of oil Nigeria was doing very well indeed. We did not foresee that mind you. We did see that the oil was going to change the nature of their economy, but we still gave them some supporting assistance.

Q: As a rehabilitation program?

JONNES: I do not know why.

Q: What other areas did you...any reorganization issues that you were dealing with? The Vietnam bureau was there at that time.

JONNES: Oh my heavens! I worked very closely with the Vietnam bureau. I was a link between the central staff and the bureau simply because Bob Nooter and I were able to get along together very well. But my recollection of any issues with them is nil.

Q: You weren't in a position to promote any specific lines on Vietnam?

JONNES: No, beyond trying to minimize their requests.

Q: This was the time when AID was quite centralized in terms of project views were up to the administrator?

JONNES: No it was not that. I have no recollection of that.

Q: So you were not engaged in that?

JONNES: No.

Q: What about Ernie Stern , he was of course a significant figure in all of this. What do you suppose he was about?

JONNES: My inclination would be to let him speak to the question. Another issue was that of the relationship of multilateral aid operations to bilateral aid. I think all of us in the US aid business would have agreed to two general propositions on this subject that bespoke use of international, multilateral aid operations. First, the problem of burden-sharing, i. e. of encouraging others to carry part of the financing costs of these programs, could be more easily resolved in the context of negotiations for the funding of international agencies than on a random basis. And second, it would be easier in a political sense for the United States to have international bodies negotiate difficult agreements with aid recipients than to have these nations unhappy with the US for seeking difficult policy changes on a bilateral basis. I would say that we were hopeful that the increasing use of the multilateral lending agencies--the World Bank, the regional development lending banks, Asian development bank, African Development Bank, the Inter-American Development Bank--would lead to a much more effective development effort. On the other hand it quickly became clear to me that if the Congress had strong antipathies to AID, their hostility to US support for multilateral agencies was at least one order of magnitude greater. This latter reflected their feelings that if they make contributions to international agencies their control over those funds would be substantially lower than similar appropriations to AID.

Q: Did you testify before Congress?

JONNES: Occasionally, but usually I appeared on the Hill as a supporting witness.

Q: What was your view of that experience?

JONNES: A painful process, because we had such marvelous Congressional performers as Otto Passman, Clarence Long, Wayne Hayes, Fulbright. I found myself now and again with one or another Secretary of State explaining arcane budget matters that a Secretary of State should never have been called upon to speak to. For example, Lawton Childs was then in the Senate and was responsible for the Senate appropriations committee dealing

with the AID program. I found myself explaining all sorts of issues that I never would have dreamed of explaining.

Q: Did you find that the Congress was mostly concerned with details and specifics rather than policy incentives or did you get into discussions about policy incentives?

JONNES: It varied sharply. The reason I would be called upon would be to explain details. I don't recall that I was ever a lead witness.

Assignment as Assistant Deputy Administrator

Q: Do you want to move to that? Mr. Hannah left and Parker came in right?

JONNES: I'm trying to recall at one point which must have been in late '72 the then deputy administrator, Maury Williams went to Paris with Secretary of State Kissinger. Dr. Hannah had me move up to the front office and appointed me assistant deputy administrator, but I think that appointment lasted maybe 2 months. It was simply an administrative convenience for him.

Q: Was there anything in particular you were working on?

JONNES: No, I just continued doing my regular work, but I moved my office so that I could receive foreign visitors and that sort of thing which took some of the burden off of Dr. Hannah.. In late 1973 the news came that Dr. Hannah was leaving. The new administrator was to be Dan Parker. I don't even remember how it was that I ended up moving upstairs with him nor even what my title might have been. In any event, clearly he was going to have problems because he had no help from outside and had had no experience with AID. In any event I had been named mission director to Morocco and had even stopped in Rabat to talk with our ambassador. We sent our car on, but at the last minute Parker asked me if I would not reconsider. I said, "Sure." I did in fact reconsider and we brought our car back and I moved up at that time.

Q: What were you trying to do with Mr. Parker?

JONNES: I was trying to make his arrival in the agency as painless as possible for him and in turn for the agency.

Q: What did that mean?

JONNES: He needed somebody who knew the agency reasonably well and who could point out to him where he was at any given time, who everybody was, and what particular interests were at play in individual decisions. I would also try to inform him of consequences of actions and pitfalls. Any new chief in the agency requires some kind of support, for his arrival is a serious occasion for all concerned.

Q: What was he interested in?

JONNES: Dan Parker was deeply interested in management techniques which is not surprising given his backgrounds as the son of an entrepreneur and the head of a major manufacturing company. What were the sources of information available to him both about the agency operations and the aid recipients. He was interested in the channels through which the information flowed. He was very much interested in, not surprisingly, what the agency could do to encourage private investment in the less developed world. He was deeply concerned with his relations with the Congress and how these should be conducted and who should conduct them. He was almost in every sense of the word a new boy on the street in that he had little or no exposure to the principal problems that he was being asked to deal with, i.e., to administer foreign aid, to allocate foreign assistance, to recommend to the President and the OMB what way we should go. I was with him for almost a year.

Q: Was there any particular view you were trying to get him to understand or line to follow?

JONNES: I would say not beyond trying to have him appreciate the extraordinary range of problems that by definition we in the foreign assistance business were trying to deal with, the emergence of a whole new political and economic world in much of the world. It is enough to inspire a great deal of humility, but that is not really an American characteristic. He was very concerned understandably with the question of his relations with the Secretary of State, Dr. Kissinger. They operated at very different levels. We spent a remarkable amount of time getting Dr. Kissinger ready to testify on the foreign aid business which included the preparation of Kissinger's statements. At that time Kissinger was really the international star because he was in the process of resolving the Israeli-Egyptian, Israeli-Arab problems for the short run. We had to take Kissinger up to the Hill four times once to each of the appropriations committees and each of the authorization committees on the foreign assistance bill. Each time required lengthy statements from him and we worked very closely with Kissinger. Subsequently we worked very closely with him in preparation for the World Food Congress in the fall of 1974. All of this necessitated an extraordinary amount of drafting and redrafting.

Q: What was your view of the meetings with Kissinger? What were your impressions?

JONNES: I had met Kissinger at Harvard glancingly as he was one of the professors working with the Center for International Affairs. There's no need to belabor the obvious, that he is a brilliant man. He had conducted perhaps three seminars with the Fellows of the Center. As he appeared before the Congressional committees on behalf of foreign aid, he would actually deliver our speeches as to what foreign aid was up to and what we wanted to do, but would of course use the subsequent discussions for his own purposes.

Q: Was he interested in foreign aid?

JONNES: Not particularly. He regarded it as one of the numerous instruments at his disposal for the conduct of foreign affairs.

Q: Were there any particular ways he was trying to direct the flow of aid funds or use them?

JONNES: Sure. He wanted to make sure he had sufficient aid money for Israel and Egypt in that particular year.

Q: Other countries or other situations? Did he have any other views?

JONNES: He had views on virtually everything, a very lively intelligence.

Q: But there wasn't any involvement or perspective?

JONNES: He spoke the words, Haven, but his interest in economic development and his belief in the possibility for significant change as a consequence of economic development probably were quite limited. Three or four times that I was talking to him quite apart from the normal conduct of business I had the impression that he was not particularly optimistic about what we were doing.

Q: Were there other matters that you were working with Parker on, e.g., the organization or structure of AID or was he concerned with that?

JONNES: Not really. At the end of this year or so of work with Parker, I retired for the first time and then came back twice as a consultant with Parker. Once simply because he needed more help. The second time, to work with him on the preparations for a possible transition after the election of 1976. That would have been in the summer of 1976 that Sid Weintraub and I were working with Parker to prepare him for the transition that would follow from the election.

Q: What were you trying to do?

JONNES: We were just seeking to insure that AID did not get lost in the shuffle of administrations.

Q: Were there any particular lines you were promoting at that time?

JONNES: No, there were no lines beyond the need for a reasonable transition in the administration of foreign aid. One of my most difficult periods with Parker was when he used me as a liaison with Otto Passman, the chairman of the subcommittee of the House Appropriations Committee that dealt with our appropriation. We were having a great deal of pressure put on us by Passman to stay out of the rice market, i.e., not to buy rice at that time. Why he was doing that was a matter of some speculation. It led to an indictment in

federal courts subsequently, but he was found not guilty on the charge in a subsequent trial (for which there had been a change of venue to Monroe, Louisiana, his hometown). This would have been in the summer of 1974 that we needed to buy rice for emergency stocks in Cambodia and we were going to go into the market no matter what the price was.

Q: This was not PL 480?

JONNES: It is my recollection that this was not under PL 480. Passman was adamant that we not do this, and I had to go over there every morning for a couple of weeks. At 8:30 in the morning I would present myself at his office and talk to him for perhaps an hour about why we needed to buy rice to establish and maintain stocks of rice in Phnom Penh against God knows what emergency. Of course we were right in the long run. We bought the rice but Passman was very, very, very unhappy with that.

Q: You bought the rice on the US market?

JONNES: Yes.

Q: Was that from Louisiana?

JONNES: I do not know. There was a hypothesis that he was working on behalf of some company that had a contract to supply Indonesia, and they had to go into the market. They wanted the price to be as low as possible. They wanted no one else going in.

Q: And then you left AID?

JONNES: I left AID, yes, but Mr. Passman was not a factor in this. I had a retirement of 2 ½ years, but then I was recalled and assigned to Paris as the US representative on the Development Assistance Committee.

Q: After you retired from AID what did you do?

A brief retirement and help with transition in administrations - 1975-76

JONNES: I immediately went back to school to study Greek and Latin. I had in mind taking up a second career, as it were, in classical archeology--as in fact I have done--and enrolled in Georgetown in both Greek and Latin. I then moved over to The Catholic University of America in northeast Washington to study much more seriously.

Q: Where did that interest come from?

JONNES: In some part from the assignment to Turkey. As you know Turkey was in antiquity one of the centers of Greek and Roman culture. Beginning about 1000 B.C. the Greeks began moving into the littoral areas of western Anatolia, western Asia Minor, and

then the Romans moved in at the very beginning of the second century B.C. In 190 BC they defeated one of the successors of Alexander, a descendant of one of the successors of Alexander, Antiochus. Over the next 200 years they subdued most of Asia Minor, and the area became a constituent part of their empire. In 50 BC. for example, Cicero, as pro-consul of Cilicia, was riding a circuit court in central Asia Minor.

Q: Did you do some archeological work while you were in Turkey on assignments?

JONNES: No, I was working overtime on a regular basis that precluded that possibility.

Q: So you spent 2 years in school then?

JONNES: I enrolled in the summer of 1975 at Catholic University. I had already started the language studies at Georgetown. Also I was doing some consulting for AID, as I mentioned above, the work with Weintraub to examine transitions after the elections. Sidney and I spent about 3 months working for the AID Administrator, Parker, beginning his preparations for the consequences of the election..

Q: What were you thinking about?

JONNES: What were we thinking about? We were thinking about where the emphases of foreign assistance should be, where we might better concentrate the agency's, the American effort. We were thinking about how one sorts out how the US government, as opposed to AID, sorts out the questions of responsibility on the part of regional lending organizations or the World Bank or the United Nations Technical Assistance Administration, these sorts of questions. Who should do what. Basically what we were doing was doing a road-map of who bore responsibilities for what to guide the people coming in, together with a few suggestions, as I recall, about where comparative advantage might lie in the administration of aid funds. It was primarily a basic paper for anybody who was concerned with the role of the United States in the international arena of development. I guess it was just about 2 years I was in school, you're right, but a couple of semesters were divided between consulting work here and studies at Catholic.

Q: Any significant consulting work?

JONNES: No, it was helping Dan Parker. Many months after the elections, i.e., in mid-1977, Ted Van Dyke called me to ask if I would like to take the job of US representative to the Development Assistance Committee in Paris.

Return to the Development Assistance Committee (OECD) as U.S. Representative - 1977

JONNES: I was intrigued with the offer largely because with the arrival of the new administration, I had the strong impression that there was a tremendous burst of interest in what the United States might be able to do to assist more effectively in the

development of the third world. This transcended AID's brief of course as it would involve changes in trade policy, and most important a new concern with the problems of poverty.

In June and July of 1977 there was a series of meetings in Paris, basically at the urging of the French but with most of the western nations, to consider the establishment of a new body to reconsider many of the problems of the developing world and possible new policies that would help the poorer world in dealing with these.

Q: Was John Gilligan the administrator at that time under the Carter administration?

JONNES: John Gilligan came in, that's right. But it was Cyrus Vance, the Secretary of State, who appeared to be very interested in moving American policy towards a far more forthcoming posture in terms of our support for the developing world.

Q: I was wondering where the initiative came from.

JONNES: Basically from the French. In any event I thought that by accepting the appointment, I would go as representative to DAC but would also be involved in the work on a new system for talking with the less developed world and bringing them in to the ongoing discussion.

Q: Who was the Chairman of DAC then? Maury Williams?

JONNES: Yes, Maury Williams was. Some 10-12 months later, John Lewis succeeded him. John had been with AID as Mission Director in India back in the mid-1960's and before that he had been a member of the Council of Economic Advisors.

What happened in the summer of 1977 other than that I was in the process of accepting this appointment was that the United States after further thought decided that the proposals on the table of the Conference on economic cooperation with the third world weren't really what we had in mind. I never really understood what happened to Mr. Vance's interest, but it seemed to wane, and the ongoing conference in Paris proved to be no longer ongoing.

Q: There was a conference?

JONNES: There had been a conference in the late spring of '77 of western nations. I think it was basically the western nations: ourselves, western Europe, Japanese, Australians, Canadians.

Q: This was separate from the DAC group?

JONNES: Oh yes. Having nothing whatsoever to do with the OECD.

Q: Did it have a name?

JONNES: Something close to the Conference on Economic Cooperation with the third-world. So I arrived in Paris and found myself with no portfolio beyond my responsibilities for the DAC.

Q: Before we get into that did the conference meet at all ?

JONNES: It did meet regularly but not after mid 1977. The original thought I believe had been that it would be an ongoing conference.

Q: What did they do? What was accomplished?

JONNES: Little. It simply vanished from the scene.

Q: Was it trying to promote something or was it just a dialogue?

JONNES: I think it turned out to be only a dialogue. What they had had in mind originally was the transforming of the dialogue into various national policies.

Q: Was there any concern with the DAC business?

JONNES: Not beyond the substance, but there was no organic link. I was only concerned with the DAC business. But it seemed to me that the real questions of development were no longer that which had prompted our original interest in and support for the DAC. Most other members of the DAC were doing better in terms of their assistance, providing in relative terms more resources for the underdeveloped world than the United States was. As a major element of our original interest had been to encourage other members of the industrialized world to increase their aid programs, we had achieved our objective and what do you do then? From my point of view and I think from that of AID generally, the question was how do we work more effectively with all other aid donors? Part of the answer to that had already been supplied through the system of consortia or regional aid groups that had emerged either under the aegis of the World Bank or the OECD or informal operating arrangements based in the country that was actually receiving aid. At this time also the AID agency was changing its views toward development; a new theme had emerged that human needs should be met contemporaneously with the development process. In the US view as these nations developed they should make every effort to improve the basic health of their citizens, the basic education available to their citizens, and the basic needs such as shelter. To which one could not take exception, but in practice this is very difficult because it represents some competition for resources at the margin. As a nation develops, the climate for new investment is almost insatiable, without limit. If you throw into that also the additional consumption requirements to meet the needs of further education or further health, it represents a terrible competition for always scarce resources, be they foreign exchange resources or the nation's own savings.

Q: What was your view about what was called "New Directions" at the time?

JONNES: My view was that I was representing our official policy, that this was a US policy that should be followed generally by all of us in the western world. We had virtually non-stop conversations at various levels among the aid donors, meetings of the heads of aid agencies meetings of the people responsible for particular regions for particular countries. We had meetings to discuss, for example, the role of women in development. We had a very active period. I would only add that I had a considerable degree of scepticism about the new directions if only because of the origins of the doctrine, that they had been proposed originally as a means of obtaining additional Congressional support for aid without any reference to the effectiveness of the policy in development terms.

One other aspect of our operations in Paris was we worked toward getting the Arab aid agencies into the aid-giving business. We did this initially by proposing that we have a DAC meeting with the Arab aid agencies. I forget whether Joe Wheeler was the deputy administrator at the time. In any event he and I went down to Saudi Arabia and into the Gulf Emirates, talked to all of their aid people, and found that they were very interested indeed in cooperation with DAC members. This led to a series of meetings in Paris with all of the Arabs that were concerned with providing resources to the less developed nations. This was a new element in the DAC agenda.

Q: This was a time when the Arab countries had an increase in resources?

JONNES: To say the least. But the other side of the increase in their resources was that some of less-developed nations were hard hit by the increase in their fuel bills.

Q: Was there any particular issue you had to address with them at all?

JONNES: Yes, that of their resource flows. In the first instance we had to learn what they were charged with doing, who they were, where they were operating, in what aspects of development work they would be interested , and then one could talk to them either on a general basis or a country basis or project basis. In the first year of my assignment to the DAC, I began to think that since we in point of fact had already achieved our primary objective through the DAC, perhaps the time had come to close down the group.

Q: Did you find that would turn back on us then?

JONNES: I don't understand what you mean. But my thought was why don't we work very seriously at the DAC and see whether we should just not do away with it and find simpler, more direct devices for doing the same thing as we were doing there. Looking at the various components of the work, first, there was the collection of statistics on aid giving, certainly to be continued. A base had been established; the DAC Secretariat did this job very well. They did not need lengthy discussions. Any problems with the statistics could be resolved by the Secretariat. Then, did we need the annual aid review as a device to stimulate more aid giving? I always felt that simply by meeting with the principals of the chief aid agencies one could achieve very much the same thing. We knew what we were doing. There were certain inherent tensions in the DAC operations in

my judgment because of some mild bias on the part of the Europeans against the OECD (and therefore the DAC) simply because the United States had been the instigator of the OECD originally to establish an institution for handling all of the operating problems of the Marshall plan. In their eyes our influence was disproportionate to what it should be.

Q: But we were still a contributor to the OECD?

JONNES: Oh yes, certainly. We were a dues-paying member of the OECD whereas technically we had not been a member of the OECD, and our presence to some Europeans represented a contamination of their "privileged" discussions, and their preference -- which I'm sure you have seen in various situations -- their preference was to use the European community organization as the main operational fulcrum for discussions with the United States rather than coming in to the OECD. Whenever there was any serious policy discussion the European interest was in having the discussions in Brussels.

Q: These were internal community interests?

JONNES: Exactly. But if we had some sort of serious problem--for example when the Soviet Union began to dissolve, a myriad questions came forward concerning the economic consequences and how we of the west should deal with them and where we might establish a center to work with the Russians on these. I had thought that the one eminently logical place to consider these was in the OECD. But without knowing the facts, I am sure that the Community would never have agreed to so doing. The ECC would not have it that way at all..

Q: Sort of a keep the US in the background?

JONNES. Not so much that as that by operating as the Community, their negotiating strength was greater, I should think.

Q: We were contributing what to the OECD, 25 percent ?

JONNES: I think that's correct.

Q: What about the DAC discussions then?

JONNES: How would I differentiate this? As long as we were talking about generalities be they in terms of policy, be they in terms of aid allocations, as long as one was discussing the generalities, fine, the DAC could deal with this as far as the Europeans were concerned. But the moment you might turn to formal commitments or serious changes in policies of members, the Europeans would push to move the discussions/negotiations over to the Community, i.e., to Brussels. They as a community would make up their mind, and then they could take us on. I had always in my younger years considered the OECD- OECD a fine device for serious discussions and negotiations. Here there is a paradox because on the one hand, the US had strongly

avored Europe's unification, but here I am bespeaking an approach to negotiation-deliberation with the Europeans in a context of their existence as nations, not as part of the Community.

Q: Was there anything else you were trying to bring about while you were there?

JONNES: You mean apart from the end of the DAC? Well, my efforts proved to be in vain. We would talk about what the DAC was doing and the utility thereof, but the consensus turned out to be that the DAC should continue. It was very clear there was no great drive to change the nature of the DAC, and the power of inertia once again prevailed. What I tried to do very informally was that whenever senior American officials were in Paris, I would take them off to one or another of the major aid donors just to talk through the range of our particular problems. On one occasion the deputy administrator, Bob Nooter, and I went up to Copenhagen after one of his visits to Paris, and we met there with the Danish, Finnish, Swedish, and Norwegian aid administrators. We were there for 2 days, and I thought it was very interesting.

Q: What did you talk about?

JONNES: We talked about what we were doing in specific countries, talked about problems of aid in particular countries and how we were coping, talked about what seemed to be working in a couple of African countries. Talked about anything they wanted to talk about and we wanted to talk about.

Q: There was no particular issue or program you were trying to advance?

JONNES: No particular issue, just did they have problems. How did they deal with them.

Q: Did we try to influence the other donors on policies on certain subjects?

JONNES: We were talking about how we were struggling with implementation of our policy of meeting basic human needs, because the agency at that time was trying to work through all of the implications of this new policy. We were trying to get them to follow more or less the same general line.

Q: Did you find that they were responsive to our ideas?

JONNES: The Scandinavians would say that they had been doing that from time immemorial. They had been worried about social policy from the very beginning in their development aid processes.

Q: What about the dialogues with the major donors: the British, the French, the Germans?

JONNES: I think the Germans were very skeptical, the French weren't very interested, the Brits were interested but were not clear on how we saw this working itself into the aid process.

Q: But they supported continuing the DAC I guess?

JONNES: Yes, everybody supported continuing the DAC except myself. I felt a powerful case had been made by one of my predecessors, Stuart Van Dyke, who had taken a long look at the question and came to about the same conclusions as I.

Q: Why do you think the others felt it should be continued?

JONNES: Inertia. Jobs, to be blunt about it.

Q: I've had a sense that some of those major donors are not that interested in coordination which is what the DAC is about?

JONNES: That's right. That's part of it, but coordination takes place at all sorts of levels. For example in Turkey we had a very small group of European countries that was active. It was interesting particularly in the sense that the Europeans were able on occasion to get messages back to the necessary home office through which action could be expedited.

Q: How did you find those areas where people were willing to work together or cooperate on something?

JONNES: Well, on large investment projects for example, there was a considerable commercial interest. For the Keban dam project we had in effect a sub-working group and with the European Investment Bank that was putting in money for the Community and then we had the Germans and I think the French and the Italians, it was a very effective group.

Q: But in the DAC were there specific things that caught their interest where they were willing to join together?

JONNES: Not in this way.

Q: The Club du Sahel was formed before you got there. What was the attitude toward that because it was born out of the DAC?

JONNES: I would say it was regarded as an operational activity under French and US auspices and that as such, it was simply another type of aid coordinating group. I believe that at one point the DAC Chairman, Maury Williams, also headed the Sahel group, and he was doing a very good job. But this again had nothing to do with the DAC as such. So the relationships between the DAC and the Sahel were in a sense a random phenomenon in my judgment, that the people concerned with it happened to have responsibilities on

both sides. Of course the Sahel got a great deal of attention at the time. The OECD had one big session of the Club, that the President's mother, Mrs. Carter, attended. There may have been joint--sponsorship OECD-Club du Sahel because the Secretary General of the OECD, Emile van Lennep, was delighted to play a part in all of this. He was not prepared to play many roles vis a vis the DAC.

Q: He wasn't very interested in the DAC?

JONNES: No. He was, quite rightly concerned primarily with the economic growth of members and the dynamics thereof. Aid matters were a sideshow.

Q: Did the DAC have any dialogues with the developing countries?

JONNES: As I mentioned in my earlier discussion of my first assignment to Paris, the DAC did have a variety of meetings with representatives of developing countries. This is a complex question, but I suspect the Europeans shied away from such practices, because these were part of the real world, and if there were true operating decisions to be made say on aid, they didn't want to have them made in the DAC. They were perfectly willing to discuss generalities, and occasionally we did have meeting of the DAC at which individuals from the less-developed world were present, but the discussions were in generalities, say on basic human needs and links thereof to aid, women in development, but there were no meetings with governments of the less developed world to talk about aid requirements.

Q: Members wanted to preserve their bilateral communications.

JONNES: I think it was the Community relationship. What I'm saying is that in the beginning in the DAC, this is to say in 1962-64 we as the Committee did meet several times with representatives of African and Asian countries. But as the world system of aid coordination evolved, the consortia and consultative groups became really the principal technique for dealing with the aid needs of individual countries, their specific development problems.

Q: Consultant groups and the like.

JONNES: Consultative groups.

Q: In your second period, do you recall any formal movement toward dialogues with developing countries?

JONNES: As I said, we did have representatives present at general discussions. For example, at our first large discussion of basic human needs we had a range of third country nationals present. They were certainly not there as representatives of their governments; they were there in the context of being experts on development. These

meetings were not always very felicitous, because it is one thing for someone to talk as an individual and another thing for them to talk for their government as a representative.

Q: Did you feel that the DAC in its own discussions tended to be isolated from the real world? That it was talking to itself rather than talking...

JONNES: I think that was almost inevitable. That's what it was about originally in one sense.

Q: Were there subgroups formed at that time on particular topics that you were engaged in?

JONNES: There was one group on aid requirements taking a look at the needs for aid generally so far as this was possible. We had the whole subsection dealing with the aid review i.e., individual country members' aid programs, examination of these and the representatives of each would come to discuss and be queried on what was going on.

Q: But any of the basic human needs subjects?

JONNES: No. It had a statistics working group because all the others had questions of statistics, questions of principle. How do we treat the flow of private investment to the third world? Surely this has some element of aid or does it?

Q: I gather the DAC came to some conclusions at the representative level and then these went to a higher level?

JONNES: Once a year there was a high level meeting.

Q: What was your impression of those high level meetings?

JONNES: I thought it was a very good thing to have the heads of aid agencies talking with one another about the particular problems. It provided a basis for personal contact, i.e., now and again, one could pick up the phone, call a colleague, and say "What about this?" I didn't like the notion of an old boys network, but it is helpful to be able to talk with people directly with whom you are having difficulties or with whom you want to do business. In this sense I've always thought we were a community, we in the aid business. I got to know the aid agencies, people in the aid agencies in all the European countries. This wasn't always as helpful as I thought it might be. For example, on one occasion I was trying to find financial support among the Europeans for the fertilizer institute of the TVA which had become part of the worldwide agricultural research community. My passing of the begging bowl produced nothing.

Q: CRIAR?

JONNES: Right, I just thought this was an ideal opportunity for the Europeans to help us, but they couldn't find any means for support which reflected, I guess, a lack of interest anywhere to put in.

Q: There was no support for it?

JONNES: Support in principle.

Q: What was happening in that period vis a vis the flows of aid and the structure?

JONNES: There was the opportunity to expand somewhat but the American relative performance sank steadily. One always had the problem of the definition of aid. To what extent could one take credit for financial assistance going into Vietnam or Israel, the problem I mentioned previously.

Q: What did you think of the colleagues that attended the many meetings of the DAC group?

JONNES: There were very few aid people from the other governments. If you had meetings that appeared to be of interest at home, they would send their aid people, but otherwise you were dealing primarily with foreign office representatives who might or might not be knowledgeable on the subject at hand.

Q: Did you find the meetings sort of sterile?

JONNES: More sterile than they should have been. Both Maurice Williams and John Lewis, both having been aid operational types, were very good. I think their being there, as officers who had been responsible for aid operations and knowing the aid business, may have encouraged people from capitals to come to the DAC, but this was a continuing problem who is going to represent the governments on these particular issues.

Q: What's your view now about the DAC?

JONNES: It was a very useful device initially to inform and instruct as part of the process of dealing with the problem of sharing the burden of aid to the third world. Politically, we in the United States, if we were going to be in the aid business had to demonstrate that others shared our view. It would have been almost impossible for us to have continued our aid programs at the level we had reached in the '60s absent some concrete demonstration that the Europeans, the Canadians, the Australians, the Japanese were also in the aid business and considered it very important that the development of the poor nations, as far as we could effect it, was continuing.

Q: What about the learning process? Was there any mutual learning about how to go about any particular development topic?

JONNES: I hesitate to speak to that.

Q: Was the IBRD part of the DAC group when you were there?

JONNES: Yes, from the beginning. They were represented through their representative in Paris who usually was an operational type. Yes they were with us all the way through. They were with us at the high level meetings.

Q: Was it customary for other donors or aid groups to join? The UN and other banks and development institutions?

JONNES: Back in my first go around with the DAC we would have conversations as to what our positions on particular banks should be. At the time the African Development Bank proposal was made, we talked this through. Not deciding who would do this, but just talking about how we looked at it. I don't recall any conversations. We certainly had Latin American meetings in the early 60's in which the Inter American Development Bank was represented. I guess in my second go around I recall an occasion when the Inter American Development Bank was there with a large group.

Q: But they weren't there as formal observers during your time?

JONNES: No.

Q: Which of the regions of the world did you find the DAC most interested in? Any particular...

JONNES: Well, Africa because of the European colonial history there and because the problems were so overwhelming. Of course, the Sahel droughts just exacerbated the situation there to a point beyond tragedy. The big development problems certainly in everyone's eyes were India, Pakistan, Bangladesh, the subcontinent. By the political constellation of the time, China was not on our agenda. Very much less interest in Latin America, again for obvious reasons. The Europeans tended to regard this as an American province.

Q: Were there any specific country discussions with the DAC.

JONNES: There were in the 60's as we've discussed, but not in the 70's and thereafter.. I don't remember any at all in the later period. We had gone beyond that.

Q: Other mechanisms had taken over. Any more about the DAC?

JONNES: No, let it go at that.

Q: Should the DAC continue?

JONNES: No, I would not have it continue. One could effect small savings for the OECD and for the donors.

Q: What alternative form would be needed if you didn't have something like that?

JONNES: Whoever is running AID, if indeed we have an AID program hereafter, should make a point of having his principal lieutenants active in visiting their counterparts. They should visit Europe once or twice a year to meet with our colleagues.

Q: More ad hoc.

JONNES: Yes. I mean there is no point in informational lectures on how we are set up and how we operate. But as I said earlier there is a great deal to be gained by knowing who is responsible for working with you in these places. How are you going to deal with the problem of the conditions for aid? If indeed you are making substantial loans for economic support, what do you seek as policy changes by the recipient that will conduce to whatever end the recipient and you are seeking? These are tough questions, and they vary sharply from country to country.

Observations on foreign assistance and international development

Q: Okay, let's move on from there and talk more generally about your views about development and the effectiveness of foreign assistance. First, let's talk about AID in terms of its role as a foreign policy instrument. How do you see the foreign assistance program being effective in furthering U.S. foreign policy interests? Is it effective? Does it serve that interest?

JONNES: I have grave doubts that it is as effective as our friends in the State Department like to think it is. I think that if one is talking about de facto bribes, AID is just a most awkward agency to extend these... In my judgment foreign assistance is important because of the generations to come. I think that what happens out there in the rest of the world is going to affect us one way or another in the longer run as it in the past has affected us. Affected us deeply. I would like to think that the process of economic improvement, the process of improving living standards reflects itself in a greater degree of peace and stability. I'm not sure this is the case because as you know there are various irrational factors at work in the world, irrational factors associated with differences in religion, in cultures, in political creeds. One doesn't like to think that if one is helping with economic development, that improved economy will come to haunt one one day, making a more powerful enemy for you to deal with.

Q: Let's go back to the foreign policy point. During the years which you were involved and in some of the countries, the Communist threat was an important motivation for US response to countries in providing foreign assistance. Do you think the foreign assistance program even in the short term, nonetheless in the long term, had some effect in minimizing the spread of communism?

JONNES: Well, I would break the past 50 years out. I should say the Marshall Plan was effective in dealing with political problems, but that was an extraordinary period. It was a period of rapid transition from war to peace, transition from a period of terrible destruction, cataclysm to a period of peace, but had we not been successful in helping the French, the Italians, the Germans, and the Brits to survive the aftermath of the war, who knows where we would be today? At that time, certainly it was effective. Thereafter, the analysis gets a bit more difficult...

Q: Well, subsequently. In the third world. Turkey is on the margins of that. Of course it was beyond the Marshall Plan.

JONNES: To my mind a country like India is a critical case. Critical in the sense of magnitude of India. Critical in the sense of what is the role of aid? What do we get out of it? Our political hostility, if you will, towards the Indians because of their political flirtation with the Russians led to a variety of problems it seems to me. If we could help the Indians to solve their problems of this transition, their village based agriculture to modern industry as a nation, it would be an extraordinary success. In point of fact, they do have a large modern sector; they can solve part of the problem. But they still have a terrible problem of primitive agriculture and the villages.

Q: Have we over the years made any kind of useful contribution in that kind of a transition?

JONNES: I would like to think so, but I haven't been close enough to it to know. And perhaps not enough time has passed to judge. Certainly some of the agricultural universities that we helped to set up, both research and instructional universities, are successful I am told. They have helped in the modernization of agriculture, but they have not solved the problem of moneylenders; they have not solved the problem of politics of poverty. I would want somebody like John Lewis to talk about this.

Q: Would you say that the State Department or the foreign policy interest of political security objectives was helpful to the development process or undercut it in terms of foreign assistance?

JONNES: Difficult to say, I would pass on that. A case that I'm perfectly willing to talk about is the one that I probably know best, Turkey. There it is now increasingly difficult to see what is going to happen. In one dimension the growth of Islamic fundamentalism is puzzling as the economic growth of Turkey is a fact, and it is moving toward becoming a modern state.

Q: You made references to short and long term. Perhaps there was an effectiveness for the short term.

JONNES: Yes. But then there is the question about the longer run, to what extent has the process of development in Turkey succeeded in transforming life in the villages and the life of the villager and what are the villagers now doing in this democratic society (they do vote) to change the basic nature of the nation. When Ataturk introduced his various reforms in the period of 1922 to 1938, he apparently did not succeed in persuading the villagers that his separating out the state from the church the shipping out of the caliphate and the true secularization of Turkey was desirable. He didn't succeed in persuading them that this is what should be done. And there has been this latent Islamic current since that time. I've also mentioned that the military regards itself as the defender of the Ataturk faith, not the Islamic faith, and there have been at least three coups in various forms in Turkey since WWII. In each instance the army intervened with the government because the army felt that the government was undoing the Ataturk reform. And here we are again with a minority government; which has a plurality and has to negotiate its way into power. (Subsequently, after our discussions here, the Army intervened yet again to change the Turkish government!). How does the nation finally resolve this? To what extent does the process of growth and development, that we have in some part made possible, work itself in?

Q: But at the time you were there, these issues had not come to the forefront?

JONNES: Not explicitly to the forefront. One was aware that in the villages there was this undercurrent of devout faith in Islam, but it was not really seen in national politics. Actually, during our tour, the first man ultimately to become prime minister who had his roots in this background, was coming to the fore. He was the head of the state planning organization, he was an engineer, trained in the United States, Turgut Özal. I believe he was a devout Moslem, but he thought that modern technology could be married to Islam. Big question.

Q: In view of this dilemma, you wound up seeing issues that became more prominent later on, and the others being able to do something about them. Do you think that AID in its work tended to be foresighted in trying to anticipate some of these issues, development issues?

JONNES: I don't think so. In many cases we don't have a clue as an organization.. Individuals within the agency may well.

Q: Probably because they are so focused on the moment.

JONNES: That's right. I would like to think that in Turkey we achieved precisely what we set out to achieve. As I mentioned, I went there in 1964. We were working against a plan that would have the Turks out of concessional assistance in say five years. Various events made this possible. Then for a variety of other reasons it came apart, primarily on the political side.

Q: Which are issues beyond what we could reach.

JONNES: Quite beyond us. There was no solution in our instruction manuals.

Q: Looking over your experience, what would you describe as those development efforts or programs that seemed to work; why did they work, what were some of the criteria for effective assistance ?

JONNES: Well I've already belabored what I would regard as a central issue, that successful development requires some degree of political unity in the nation concerned.

Q: Okay. But now to go down to the next level, assuming you had that what...

JONNES: It is easier to deal with infrastructure than with social problems. What one can help with is the introduction of or the modernization of or the transformation of infrastructure. One can deal with communications; one can deal with transportation; one can deal with the generation of power. Each of these sectors has its own problems obviously but these are elements that any nation in the process of development is going to need, not least of all the training of people. The question is to tailor it to the needs of the government and look at it in terms of scarce resources. These are things one can do, and we've done them quite well. In country after country in spite of what our critics say, we have helped to build the dams, the transmission lines, the roads. More importantly, we have helped to train the people of countries to run the systems.

Q: The institutional dimension?

JONNES: Yes, that of the infrastructure.

Q: What about some of the standard development sectors: health, population, education, agriculture and so on?

JONNES: I believe that AID is effectively stopped from work in population. To my mind, this is one of the great problems of our time. You see in our own country where our rates of growth are quite different from other countries. But if we don't solve this, I don't see how the process of development is going to succeed...

Q: You are saying we are prevented from being effective in this area?

JONNES: Yes, of course. By I think the name of the man is Helms. This is true "Know-nothingism". And of course the Church doesn't help much.

Q: But the work we are doing; there is something going on?

JONNES: I don't know.

Q: What about some of the other program areas?

JONNES: Public health, I would really put that in with infrastructure because its something that you can do; we have done. In Turkey it was extraordinary the training in the states and the even greater effect of getting people who were trained to come back and enroll.

Q: In education?

JONNES: In education? This is so close to the problem of cultural choices. Heavens, even in the District of Columbia we have our problems.

Q: What about the agricultural area? There was a period in which the world could not feed itself. We don't hear that much now.

JONNES: At least in the short run, we solved that problem. No, I think that the general proposition that I was talking about earlier, that you do that which helps to make agriculture as effective and efficient as possible. You have to provide that agriculture sector with the infrastructure it needs to produce, transport and dispose of its products. You do not engage in programs that destroy the economic incentive of domestic producers.

Q: You were doing a lot of work at the macro-economic level as opposed to the sector level. How did you characterize what would be effective in that area or was it all country specific?

JONNES: Well, you have to be very careful of your trade policy. I think that in the short run, you have to make sure that domestic producers would get a reasonable return on whatever they are producing. You have to provide incentives in the form of crop insurance. You have to educate in technological improvements: the improvements of seeds, the use of fertilizer, and at the same time try to strike a balance between what is possible and what is not possible in basic societies. You have to build the silos to store as part of your transportation system. It is the whole range, it seems to me, of agricultural production that you want to look at. And then you have to look at the question of how you get resources out of agriculture. The Russians had this nightmarish problem that led to the deliberate starvation of God knows how many people.

Q: Were there any particular projects other than the ones you have mentioned you found particularly interesting or effective?

JONNES: I'm sure I mentioned a lot of them.

Q: How about AID as an organization? During the time you were in it , how would you characterize it as a development assistance organization?

JONNES: I thought that the Marshall Plan organization was just an extraordinary group because it was done just for three or four years. It was put together strictly ad-hoc. It consisted of some of the very best people out of the United States out of industry, out of academia, out of government, out of the labor movement, and it worked. It was really extraordinary. I know of no other word to describe it. I consider myself very fortunate to have been able on occasion to sit in these meetings in Paris -- where I had no direct role -- to listen to Paul Hoffman, Averell Harriman and their advisors such as David Bruce, Lincoln Gordon, and Dick Bissell as they were dealing with these problems.

Q: What about since then?

JONNES: Well, the raison d'être for our operations became very unclear after the Marshall Plan. I mean there was the technical cooperation (Point 4) on one side and there were the managers of financing (from the Development Loan Fund that came into being was it in 1957? Retrospectively I have the impression that the US government in the 1950's after the end of the Marshall Plan just didn't know what it wanted to do with its aid programs.. The real beginning of AID came in 1961 with the Kennedy administration, with Fowler Hamilton and Dave Bell. The latter is above all a development man, had been with the Harvard group out in Pakistan and he knew the game and he also knew the US government, having been the budget Director. If you will, he put the two together. Again we had a remarkable group of people come in from all over the American community, not at the same level as the Marshall Plan, but nonetheless, a formidable group.

Q: How do you view it in your subsequent years after that initial period of AID?

JONNES: I think that with the advent of the Vietnam War, we like the rest of the United States suffered. The deep differences that divided us once again left AID unclear as to what was going on.

We were involved with a massive program in Vietnam which was really a very small part of the world's development problem. We've just been steadily going downhill, and when I retired (I retired initially in 1975) I did a list of 27 factors that impelled me to leave then. Certainly number one had been my deep disillusion over the US policy in Vietnam, a disillusion that extended to other elements of aid. But even had I been a hawk, I would have contemplated retirement given the inability of the United States government to pay its civil servants. I never could understand why we as civil servants were called upon to bear the brunt of inflation during the 1960's. I thought this was outrageous quite apart from my feelings about Vietnam . Another factor in my getting out was the morass of our dealings with the Congress.

Q: Apart from Passman you found it very...

JONNES: He was just one part of my concern. The unceasing hostility from the Congress, by-and-large to everything we were trying to do seemed to me to call into question the judgment of the authors of our constitution in establishing three branches of government. There were others on the hill who specialized in baiting the civil service. Of

course not all of them were that way, but people such as Passman, Wayne Hayes, Clarence Long, Jesse Helms, Inouye, not to mention their staff people who would take on all of the arrogance of their principals. I think also of Fulbright's repeated rudeness to Dr. Hannah. I'd reached the point that I needed no more of that sort of nonsense.

Q: What would you say to someone who expressed an interest in going into international development today?

JONNES: I'd say it's a serious area of work. I would admire them certainly, and I would wish them well.

Q: What aspect do you think they should go in to, the US channels, strictly multi-lateral or other?

JONNES: I would tell them to avoid the US government, if only because of the present near gridlock in the government between Congress and the Executive Branch. Try the World Bank, the IMF, the regional development banks, the UN. One of the small mysteries to me of the last years is how the World Bank has come under such sharp attack for its policies, apparently led by the environmentalists. I mean, I can understand there are questions arising from the development process but my prejudice has always been "My gosh how can you develop without breaking eggs?"

Q: Well, let's pause there and you can reflect on some of these things. This has been a very interesting interview, very worthwhile.

JONNES Thanks. Indeed, let us pause here. Curious how irritated I can still become when I contemplate some of contretemps of my time.

End of interview