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

JOSEPH R. McGHEE

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: Today is the 21st of August 1997. This is an interview with Joseph R. McGhee. This is being done on behalf of the Association for Diplomatic Studies and Training and I am Charles Stuart Kennedy. To begin with can you tell me when and where you were born and something about your family?

McGHEE: I was born in Reading, Pennsylvania in 1952. My father worked as a claims adjuster for a variety of insurance companies. We moved to Pittsburgh when I was very young and I grew up there. My mother was a school teacher. I have a brother and a sister.

Q: You grew up basically in Pittsburgh?

McGHEE: That's right.

Q: What schools did you attend?

McGHEE: I attended the Churchill Elementary School then I was shifted to Schaeffer School which was a new school that was built closer to my house. I went to Junior High

School. Then when I was 14 years old and about to go to senior high school I obtained through a Pittsburgh press old newsboy fund a scholarship to a private school in Massachusetts. I was eligible for this because I had been a newspaper delivery boy and later worked as a counter in the back of a newspaper truck. I went to high school at Phillips Academy in Andover, Massachusetts. I graduated in 1969.

Q: So you went where George Bush went?

McGHEE: That's right. I saw George Bush as a congressman. He spoke to us there.

Q: I spent one summer in 1945 at Phillips in Andover taking a cram course in physics in order to prepare me for the navy. Half-way through there, a prime example of physics, the atomic bombs were dropped and that ended my naval career.

McGHEE: My father was sitting on a ship in the Pacific. He had just come off Okinawa and was getting ready to invade the home islands.

Q: Many of us were happy with this particular physics experiment. Prior to Andover had you heard about the Foreign Service or even foreign affairs? Was this particularly of interest to you at that time?

McGHEE: I had a kind of general interest in history even before I went there and it developed quite a bit more while I was there. I did my major in college in history and especially European history. I would say that incidental to that I did have some interest in foreign affairs although I didn't begin to follow it at all closely until I was in college.

Q: While you were at Andover, or even before, was there any type of reading that you concentrated on and enjoyed?

McGHEE: I did read quite a bit of history, increasingly so, while I was at Andover. It was something I very much enjoyed. Also I like novels: trash novels, detective novels but I also like English novels. Increasingly as I got older, and probably more while I was at

college than while I was at high school, I read quite a bit of Dickens, Trollop, Jane Austin, Thomas Hardy.

Q: They hold up very well don't they? What was your major or concentration at Andover?

McGHEE: It was just a high school. Most of the courses were required. When I did have a choice I took an elective course in European history and then I took a course which they offered there in Asian history. In my senior year I qualified to take a special seminar in comic or humor writing over time. It started with Aristophanes and went on from there. Other than that most of my free time was spent in sports. Also, as a scholarship boy, I had to work two weeks out of three in the kitchen as a dishwasher.

Q: That kept you busy. What were your sports?

McGHEE: Soccer, wrestling and lacrosse.

Q: Where did you go to college, university?

McGHEE: Yale.

Q: Why Yale?

McGHEE: It is hard to say. We, the varsity teams at Andover, played against university freshman teams. I would get down to Yale and I liked it. Lots of people from Andover did apply to Yale and Harvard. I didn't really see any point in applying to both because it was 25 bucks a crack. I really only applied to three place and I got into all three and went to Yale. I don't think I gave it all that much thought beyond that.

Q: While you were at Yale, what was your concentration?

McGHEE: European history.

Q: You went into Yale when and graduated when?

McGHEE: I went in the fall of 1969 and graduated in June of 1973.

Q: You were there during the height of the Vietnam protests and all that? What were your experiences during that time?

McGHEE: I was not especially active politically. I also played varsity sports at Yale and that took up a good bit of time. I had a job and it made my first two years there rather easy not to say downright pointless. One year the campus practically closed down. They gave everyone a passing grade and sent them home in the spring because of various protests that involved not only the Vietnam War but a number of Black Panther trials which were taking place in New Haven at the time. Of course that effected everyone and some people were engaged politically. I wasn't so much but I enjoyed the free time.

Then the next year there was a strike by the university's service personnel: cooks, janitors, landscapers, security guards. That too was surprisingly effective in shutting the place down and so again half the year was part-time and no-time and there were people on the faculty that weren't teaching out of solidarity. Everything was sort of thrown up in the air. I suppose that if I had been a more dedicated student I might have protested in some way or tried to get reimbursed so I could make it up, but frankly I pocked my grade and went about my business.

Q: Did you find at this time that there was any particular thrust of the history of European affairs? I was wondering because I think many of the professors that came basically out of your generation came out with a sort of a leftist bias, anti-government

and all that. I was wondering about the faculty at that time?

McGHEE: My general impression was that at that time the faculty had a tendency to keep its head down. I don't think that a lot of them really bought off on the thrust of all the protest. At least there was probably some feeling that some of it had probably gone too far, but on the other hand there was really not a great deal of support for the war in Vietnam or the Nixon administration in the faculty. I think a lot of people just kept their heads down, did their teaching, and then went home. Obviously there were some faculty, especially the younger faculty, who were much more active. There was a university chaplain' named William Sloan Coffin, who was extremely active in the anti-war protests. I would say it was mainly the junior faculty, and even then among the junior faculty many were just inclined to go about their business and steer clear of the protests. There was little that I saw in the way of real leadership in the faculty at Yale at that time.

Q: It was a difficult time I think for many universities. You graduated in '73 then what?

McGHEE: Then I went to the School of International Affairs at Columbia and got a masters.

Q: What concentration did you have there?

McGHEE: The SIA at Columbia, at least at that time, was divided up into institutes. When you were taken into the program you had to be affiliated with one of the institutes. I was affiliated with the institute for East and Central Europe which was everything between NATO and the Soviet Union. In effect the program was not all that focused. You were required to do a certain amount of work in the area of your institute but it was not really a limiting factor at all.

Q: Did you have a particular country that you were looking at or a set of countries?

McGHEE: Yugoslavia in particular. In fact one of the things I did while I was there was I took Serbo-Croatian.

Q: What attracted you to Yugoslavia?

McGHEE: It is a little hard to trace it back to its beginnings. There was quite a bit of interest. People tend to forget now after it has all fallen apart and they have all gone to war with each other, but there was a period in the '60s and '70s in particular when there was quite a bit of interest in Yugoslavia both because it had this odd Titoist model of socialism and it was prominent in the non-allied movement. It had also succeeded in breaking away from the Soviet orbit and maintaining a certain degree of independence. They had pretty good relations with the United States. It was an active relationship. There were younger Yugoslavs studying in the States. You would have a chance to meet them and talk to them. It was just an interesting country at the time. It still is but for completely different reasons.

We see now that a lot that was written and said about Yugoslavia at that time was completely inaccurate. As soon as the Soviet threat was removed they were at each other's throats. Tito being removed had something to do with it too. They were equally afraid of the Russians and of Tito I suppose. In any event it all fell apart much more quickly than anyone would have predicted. At the time it was interesting; and out of that slice of countries there, it was the one where there was the most action and the most possibility for interaction with the United States.

Q: I served in Yugoslavia, attracted by the same reasons that you said, from '62 to '67.

McGHEE: I was Yugoslavia desk officer here. I never quite made it out there.

Q: Did you have any people from Yugoslavia teaching?

McGHEE: Yes. In fact I took a course from a man named Bogan Denish. He taught a course that was, I would say, focused on the political economy. It was supposed to be about the Warsaw Pact and how it functioned, inner-communist relations, and sort of the economic functioning of communism. In the end, because of Denish's background, it focused a great deal on Yugoslavia.

Q: While you were going through both Yale and Columbia had you any goal in mind in terms of the Foreign Service?

McGHEE: I took the Foreign Service test when I was part way through my junior year at Yale. I was 20 when I took it. I passed it. For reasons that I don't recall I had signed up initially to take it for the consular cone. I think I was told by someone in admissions or the guidance office there that it was easier to pass the consular test. At that time everybody did a regular chunk in the first part of the test and the subsequent part was divided into conal specialty. I came down here to Rosslyn for the interview and soon it was apparent that my interest was in political rather than consular. Besides, they pretty much said that they weren't going to take any 20 year olds so I began in the political cone.

Q: Do you recall any of the types of questions or any of the questions that you were asked in the oral exam?

McGHEE: I don't recall quite specifically what it was but the thrust of one question was, and I don't remember which time this was by the way, that I was going to write some sort of a report. We had gotten onto the subject of Yugoslavia for some reason and they asked me that if I was going to write a report on X aspect of some event in Yugoslavia, how would I go about collecting information about it. I don't recall that I answered it terribly well. I said that I would look at the newspapers, read some magazines, talk to local officials and politicians. Then I guess because I was in the university at the time, I said I would get some specialist journal and consult articles about it. I didn't know any better.

Q: Did you go from Columbia into the Foreign Service?

McGHEE: I spent six months working as a laborer in Pittsburgh until they called me.

Q: You came into the Foreign Service when?

McGHEE: 1975

Q: Did you take the basic officer A-100 course?

McGHEE: Yes from November through just before Christmas.

Q: Can you characterize your class? How was it constituted? How many male, female, minorities?

McGHEE: I don't remember exactly. Much of the time we were put together with the USIS incoming class. With the two together I would say that it was close to half and half although it was probably more like 60/40 men to women. As to minorities, there was a woman in USIS who had been born in the Philippines and there was a black officer in USIS, too. Off the top of my head, I would say that was it for minorities.

Q: What was your impression of the basic officer course? Did it give you much insight into how the State Department worked or any feeling for the Foreign Service?

McGHEE: No. Frankly I didn't find that it prepared me very much for what was coming. It sort of gave you a chance to get your feet wet and I assume gave them a chance to evaluate what they were going to do with you. Frankly I would have just as soon gotten my first assignment my first day and gone and figured it out from there.

Q: Of course this was the way it used to work. Actually I think in the '30s you came in and then they would send you off usually to a Canadian or Mexican post so you wouldn't go too far. If anything went wrong it wouldn't cost too much to get you back. You would sort of rotate for a year and a half, two years and then come on back for a little more training. Then you were a full fledged officer.

McGHEE: In the late '60s they used to send you to Vietnam. I came into the A-100 course. The head of the course was Dick Golds. Some of it was administrative stuff and some of it was foreign. There were some things that I suppose were useful along the way. Probably some of the more boring things like getting a sense for the visa handbook and GSO handbook. Not much of it stuck with me very long. I found that it got pretty old. We all went up to Harpers Ferry and sat around and played some negotiation game. We did role playing and I suppose bonded in some way. But frankly, I could have done without it all.

Q: What happened when you got out? You really got out in about early '76.

McGHEE: In January of '76 I went to Italian training. I forget if I went to the consular

course and Italian training, or to Italian training then the consular course.

Q: What was you assignment?

McGHEE: I was ambassador's aide in Rome.

Q: You were in Rome from when to when?

McGHEE: From the beginning of July of '76 to July of '78.

Q: Who was the ambassador at that time?

McGHEE: John Volpe. He was former governor of Massachusetts and former Secretary of Transportation.

Q: He was also big in construction wasn't he?

McGHEE: Yes. He and his brother had the Volpe Construction Company. They were mainly road builders although I guess they did some government contracts. He had put his money into some sort of escrow when he became governor of Massachusetts. He hadn't been active in the construction business for at least ten years by the time I knew him. Two terms as governor of Massachusetts, four years as Secretary of Transportation, and he had been in Rome for over three years.

Q: So he was well in there by then. What was your impression of the situation in Italy when you arrived in '76?

McGHEE: Italy is always strange. The government has always been on the verge of falling apart and yet the country seems to function nevertheless. Rome was nice. I was happy to be there. It was a lot of fun. I spoke Italian at that time well enough that it was easily accepted by people. On the other hand, the government was laboring along with great difficulties. The Christian Democrats had gotten around 36 or 37 percent of the vote themselves at that time. They had managed over the previous decade or so to completely turn off all of their traditional allies so no one wanted to come into the government. They had been forced to turn to the communists to get this kind of confidence vote. When the confidence issue came up in parliament, the communists abstained. Andreotti managed to run this thing with the ups and downs with a certain amount of paralysis at the center. For the entire two years that I was there he was prime minister.

The big thing that was going on politically was the rise of terrorism. There were regular terrorist

incidents involving the Red Brigades in particular but also a number of other less well known groups. There was one called the Armed Totalitarian Neuche that was not as numerous or as well financed as the Red Brigade but they were an issue. There were a lot of politicians, policemen, other prominent people who were shot in the kneecaps. That

was a big Red Brigades thing. They occasionally gunned down an isolated policeman. There were bombings. There was also a restless right-wing movement that engaged in an increasingly amount of violence at this time. There were regular violent clashes in Rome between the police and various student and left-wing groups. It was quite turbulent. During this time also, Aldo Moro was kidnapped and murdered.

Q: He was a former prime minister wasn't he?

McGHEE: He was a six time former prime minister. Of course that was really traumatic for the Italians. It was edgy. There was quite a bit of violence but it wasn't particularly directed at Americans. You'd get a shot through the window once in a while, but it was no real difficulty being an American in Rome at the time. I really enjoyed it.

Q: What was you impression during this last year and a half of John Volpe as an ambassador?

McGHEE: Actually seven months.

Q: What was your impression of how he operated?

McGHEE: He knew how to run a big organization. He ran a big construction company, he was governor of a state, and he had run a big government department so he knew how to do things. When he said to you that he wanted something done, he expected not to have to say it again. If he got a decision document and he checked the little block that said do this, then he didn't want to have a whole bunch of subsidiary decisions. He wanted to get things done and keep things moving. He was plagued by high blood pressure during a big chunk of the period that I was there so frequently he didn't come to work. I would have to go out to the house lugging all of the days business out sometimes two or three times a day. He had a temper and he liked to yell, but he didn't like to yell at the staff in general. He saved his yelling for two or three people that worked for him directly in particular myself.

He had a political aide that he had brought with him, a Boston lawyer that had been with him at the Department of Transportation and came on out to Rome with him -- Tom Jamarko. He worked directly for the ambassador. They had little political jobs for him and there was a certain amount of tension there between Jamarko and the rest of the embassy. It didn't effect me very much. I had just arrived and it was my first job. All I had to do was to make sure the ambassador got where he wanted to be and when he needed to be there and had his papers when he wanted them and things like that. By and large I enjoyed working for Volpe in a sense that once you got used to the fact that there was nothing personal when he screamed at you, he was a perfectly OK guy to work for.

He had certain views on the situation in Italy that I think were in part the product of the fact that he was a first generation American. He had an image of Italy before he got there that came from his parents who were a peasant family in Abruzzo, and he was not entirely prepared for the ways in which Italy had changed especially since the Second

World War. He wasn't very comfortable with a lot of it, but it didn't keep him from doing his job. He did it fairly well. There was no real problem. I personally did not like the sort of aide, personal staff role as a role but it didn't have anything to do with Volpe personally.

Q: Did you find yourself caught at all between a political ambassador and a professional DCM, political counselor, and all that? Did that cause any problems?

McGHEE: Not really. Most of them had been around for a while and knew what the score was. When the ambassador was not coming to the office and I had to go out there, they would occasionally slip papers into the pile that ought to have been explained better or the person who produced it should have come along with me and discussed it with the ambassador directly instead of using me as the messenger boy. It is just part of the territory I guess.

Q: Volpe left I guess after the Nixon, or by this time the Ford administration. He retired from office in '77?

McGHEE: Actually it was a little nasty in that when Carter took office, immediately afterwards, or shortly thereafter in any event, they sent Walter Mondale on an around-the-world tour of various capitals. He went to London, Paris, Bonn and then he went on to Tokyo. Originally Italy had been left off the list and a bunch of Italian-American organizations complained about that and so Italy was added. The White House, or the transition team, called essentially a week before this trip and said that they didn't want Volpe to be in Rome when the Vice President got there. If he could go on vacation, go out of town, do anything but his face was not to appear on the same camera as the Vice President. Volpe didn't like this and said he'd resign and get out before he'd be subjected to that. He left rather abruptly at the beginning of February of '77.

Q: Who was the DCM at that time?

McGHEE: Bob Beaudry.

Q: What was your job after the ambassador left?

McGHEE: I spent a month or two collating and coordinating the implementation of the recommendations from the inspectors' report, the old inspectors' report. There was a new set of inspectors coming and of course no one had taken a look at the old inspectors' report until now. I spent about six weeks taking people around and getting them to implement various things that were recommended in the previous inspectors' report. Then the new ambassador came.

Q: That was Richard Gardner. He was one of your Columbia colleagues.

McGHEE: Exactly. He came from Columbia.

Q: Had you know him at that point?

McGHEE: No. He was really at the law school. He did international law.

Q: Did you continue as his aide?

McGHEE: For about a week or ten days then he chucked me out.

Q: Was that normal or was it incompatibility?

McGHEE: It was a degree of incompatibility. In a way it was normal and I think even now in these courses they give for starting ambassadors, they tell them that you should come in and clean house and show people who's boss. I think that was part of it. There was also a degree of personal incompatibility which mainly stemmed from his way of operating.

As I said, Volpe was my first experience here and Volpe operated like someone who is running a big organization. He didn't want to be bothered with minutia. He wanted things done. When he said he wanted things done it meant he wanted it done. I just did things the same things way for Gardner but when Gardner said something should be done he meant he'd think about it. Probably or maybe he wanted it done and he'd let you know.

He kept a little schedule of his own with his personal stuff in it that was separate from his official schedule. Every time we tried to get him in to see a minister or get him out for consultations he'd open his little book and say "Well, I have to meet my daughter's teacher." I'm sure he changed as time went on but initially when he got there he had this idea in his head that you could keep these two things apart. That there was an ambassador's schedule and then there was a Dick Gardner schedule.

It was my misfortune that I happened to be there while he was getting these things ironed out and virtually everything that I did rubbed him the wrong way. There was an incident over his correspondence. I would get this big pile of mail every day and I would farm it out with a little buck slip on it that would either say for ambassador's signature or for director of "Y". He and Mrs. Gardner found out about this and said that he would answer every piece of correspondence. That lasted about two weeks. When he discovered how much correspondence there was, that just quietly went by the board. In the meantime I was there and I was the one that was doing it wrong. There were just a dozen little things like that.

Q: It is a difficult position to be in and it is probably just as well that you got out. Incidentally how did you find Mrs. Gardner because she has a certain reputation?

McGHEE: As you say, personally incompatible. I don't think they liked me and I didn't like them so what are you going to do.

Q: What did you do? We are talking about relatively early '77. When did he arrive?

McGHEE: I would say that he arrived maybe around April of '77.

Q: So where did they assign you?

McGHEE: I was swapped to the political section in a straight swap with a guy named George Ward. He came up and became Gardner's assistant and I took his job in the political section.

Q: What was your particular beat in the political section?

McGHEE: At the time that I was coming down to the political section people were really beginning to be alarmed about the terrorism. The Moro kidnappings hadn't taken place yet but people were being shot in the street three or four times a week. I spent a lot of time sort of chronicling that and the Italian response. I would say that, in effect, that is what I mostly did.

I also was following what used to be referred to as the socialist and the lade parties, the lade parties being the republicans, liberals, social democrats, the smaller parties all of which, for all intents and purposes, have disappeared now. At that time these parties still existed. They had anywhere from two to four-and-a-half percent of the vote. They all had seats in parliament and they all were frequent partners of the Christian Democrats in the coalition government. After the so-called center left experiment in the early '60s the socialists also had been frequently in the government. They were a somewhat larger party. They had about ten to 12 percent of the vote.

Q: What were you getting from the rest of the embassy, including if you had any contact with the CIA, of what was motivating the terrorism and was there an agenda other than just being mean and nasty?

McGHEE: There was an agenda aimed at overthrowing the state and supplanting it with a communist or at least a far left government of some sort and that was a little hazy. At least the main point of it all was to carry out acts of violence against the Italian ruling class and that included mainstream politicians and people in the industrial sector. Those were the main targets and of course the police and the magistrates.

I think it had its origin, in particular, in disappointment with the Italian Communist Party which had become more and more like a conventional party. The Italian communists in the 1950s had to make a choice. They were competing with the socialists. At that time they were more or less about the same size, in fact the socialists were the larger party and the communists were smaller. The communists opted to go the electoral route rather than the revolutionary route towards government and they had a certain amount of success. They ran city and provincial governments in the so-called red belt in Romagna and Tuscany, and Lombardy to a certain extent. They had had some electoral success in Milan and in Torino. They had a new communist mayor, Carlo Argon, in Rome just

while I was there. He took office in ‘77. Their share of the vote had gradually grown to around 25 percent. In doing all of this they also had to become more establishment to a certain extent. Where were they going to go from 25 percent?

The biggest of the labor unions was the Communist Labor Union but in order for them to function effectively on a day-to-day basis they had to deal with management. They dealt with management on a sophisticated level on wages and pensions but these are not the stuff of revolution; they are stuff of the AFL-CIO and everybody else. If they wanted to be in government they had to make clear what their choices would be in foreign affairs. The famous speech in about ‘73 of Enrico Berlinguer said that Italy supported NATO as a factor for stability in Europe.

The attitude of the communist party was greatly affected by events in Czechoslovakia in 1968. It was a big shock to them seeing the tanks roll into Czechoslovakia. Also the overthrow of the Allende regime in Chile affected them. Deep down many of the communists feared that if they took power without carefully preparing the way and reassuring people on all sides, and I am talking about the United States as well as the economic establishment in Italy, that they would end up going the same way that Allende went. Allende was a huge factor to them. You had this party that continued to have revolutionary rhetoric and carry red banners and pictures of Che Guevara but which was in fact becoming increasingly a middle-class party, a mainstream party and in effect was renouncing revolution.

In the schools, though, particularly in the universities, and in their kind of local organization rhetoric they still tended to hold out this idea of violent revolution. You had this group of university students that had been fed all of the rhetoric but on the other hand they saw the reality of the PCI which was now a political party bargaining with Andreotti over votes, etc., etc., and trading off for positions in the bureaucracy. Frankly, these were violent people who wanted violence so they said that if we are not going to get it with your help we are going to go off and do it on our own. They got money from someplace. I am not sure where the money came from. The real reason that they were able to operate successfully and do all these things and shoot these people was because they didn’t have to go out and earn a living. I think that the right wing tended to use public bombings because they weren’t that well financed. A lot of them had to work for a living so they couldn’t prepare their actions as meticulously as the Red Brigades and the NAP and some of the others.

Q: What was the common feeling about where the money was coming from?

McGHEE: There were lots of stories. The KGB or from the KGB through various other groups. Qadhafi from Libya was always a big suspicion and also other groups in the Middle East like the PLO. There were links from the Middle East. They did get arms from the Middle East. If it wasn’t set up by the Libyans, the Libyans probably did facilitate some of this in some way. There was no question that there was a connection there. They did manage to finance themselves to some extent. They did some kidnappings for money and they carried out some robberies to finance themselves. The

main point is that they didn't have to go out and work for a living. They were able to rent safe-houses and pretend to be lawyers or office workers or whatever, but they could go off and plan because they always had food on the table and they always had a roof over their heads.

Q: Did you find as you worked on this terrorism, were you at all working with the CIA? I was wondering what your impression was? Again, we are unclassified but how much of a handle did they have on it?

McGHEE: At that time not much of a handle at all. It changed somewhat later on but we are talking about 1977 to 1978 and I would say that anything they picked up, I think they tended to pick up by chance. I think the focus was they weren't looking at it very hard and occasionally they would come up with a nugget but I think most of the solid information they had they got through their liaison, their relationship with the Italians.

Q: You had the smaller parties as part of your portfolio. How did you operate with them? What could you as a junior political officer do to keep tabs on what these parties were doing?

McGHEE: They all had a party newspaper so I got huge wads of newspapers. The other thing I did was to call around and go downtown occasionally and talk to their parliamentarians or some of the party staffers. Frankly the embassy's interest in what these guys were doing and thinking dropped substantially when they decided to stay out of the Andreotti government. I mentioned before that they had this non no-confidence deal. Really the government was run on the basis of an informal agreement between Andreotti and Berlinguer as to what the government could and couldn't do.

The lade parties managed to side-line themselves by staying out of the government and they really lost all influence. It really marked the beginning of the steep decline for some of them. What they had to say and what they were thinking was less and less important when they were out of the government because they were not a major factor when they weren't voting with the government.

Q: Looking at this, I came to Italy out of Korea with no experience in Italian politics as consul general in Naples in 1979. Something that struck me at that time was the intense coverage we seem to have of political events in Italy, with a large political section and all that, over something which in many ways as far as American interests were concerned were really very static and had been static almost since the '48 election. I am quite willing to be disabused. This was just an outsider coming in. I thought we spent too much time on the Roman connection and all that.

McGHEE: I will say this, there was in those days a readership for this kind of thing. You were right about it staying static after some instability in voting patterns in the late '40s and early '50s. They did settle down to a fairly stable pattern from about 1955 until the late '70s. The DC was usually in the high 30s, the PCI was in the mid 20s and the others were scattered off below. The tendency was still even very gradually upwards for the

communists and downwards for the DC.

Here in Washington there was no degree of trust whatsoever for the communists, in spite of all their efforts to convince us that they were prepared to cooperate up to a point, if we felt that the Soviets had infiltrated the party and I think that was true. They were well aware of what was going on inside the PCI. I would stress that at the highest levels there was a tendency to say that we have to do Italy twice a year and to forget about it the rest of the time. At a somewhat lower level there was quite a bit of attention to it and the political reporting was being read. I think that is the main question you always have to ask yourself if you are a political officer: "Is anybody looking at this?"

I served in Italy in the '70s and in the '80s and then in the '90s again. In the early to mid-'80s when the DC had in fact fallen down to the low 30s and the communists were very close, there was a constant demand for updates on what was happening in Italian internal politics. After the collapse of the Soviet Union that went by the board. I don't think there is nearly as much interest now as there was then. We may be reporting more than needed nowadays.

Q: How did you in the political section look at the reporting from the consulates general: Naples, Sicily, Milan?

McGHEE: It depended I think on what was happening. There were certain times when more was better, such as during election campaigns. We wanted to see the consulates out there getting in local reports from the field. When I was there in the '70s, and again it happened again briefly in the '80s, the front office in the embassy went on a local government kick. We had to find out what they were doing. When I was in the political section in '77 I was ordered to form a youth program and have a youth committee. I also had to form an outreach program in which I had to round up all of the economic and political officers and parcel out assignments to them province by province within their own consular district. They were then to try to get out and travel to their areas every quarter to talk to local people and show the flag. When they came back, we still had air-grams in those days, we sent off loads of air-grams based on people's visits to these local places. A lot of it was pointless.

Q: Of course there is the other side to these trips and that is that it gets the officers out of the Rome atmosphere and to see that there is another country that is quite different and it is easy to fall into the capital trap.

McGHEE: I should say that you are absolutely right about that. The reporting wasn't worth very much but I think that the getting out there part, both as you said getting people out of Rome, and also having someone from the embassy pop up in these provincial capitals from time to time did serve a purpose. The youth committee as I recall was a little less successful. We sort of established a contact with the youth movements from all these political parties. We developed a few contacts that later went on to political careers and to be of some use to the embassy. I always see these party youths as a lot of thugs.

Q: We go through this thing once in a while. I remember during the Kennedy years we had to have youth officers.

What about the issue of corruption? We are talking about the '77 to '78 period. How much were we aware of it because this later became the major issue with the collapse of the Christian Democrats particularly?

McGHEE: Corruption was obviously there. People complained about it all the time. I think that the biggest element in the corruption was actually not so much of people lining their own pockets, there were perfectly legal ways to do that, but it was the funding, how the parties financed themselves. For that purpose Italy as you know had large public ownership of various corporations which goes back to Mussolini. Mussolini bought up companies and kept people employed during the worst of the depression.

After the war the Italian government found itself with huge real estate and industrial assets on its hands which it continued to run through these big conglomerates like IRI and ANE but also through the IMI the property holding company. These were not terribly efficiently run even though they were supposedly independent from government tampering. They were set up with their own board of directors and presidents but the fact remained that the political parties used these big organizations with their huge payrolls as a source of political patronage, jobs to be handed out, but also for party finance in a big way.

By the time that I arrived there in the '70s it was to the point where if you asked people, the Christian Democrats, isn't this illegal, they would probably have chewed it over and said well yes I guess it is. It had been going on so long and it was so institutionalized that the next generation sort of took the system over. I think that really what happened was that things got out of hand. When the older generation was running it, the Fanfani-Andreotti post-World War II generation, they kept it within certain bounds and everyone was satisfied and it made a contribution to democracy by keeping the parties going. I think that successive generations went so far beyond the bounds, and especially with the socialists getting into it up north. I don't want to stereotype or characterize anyone but I think there is a higher degree of acceptance for corruption in southern Italy than there ever was in northern Italy. I think Craxi's team at the socialist party brought a southern Italian style to their dealing with the Milan city government, etc., etc., etc. He built up a degree of resentment that came back to haunt him.

Q: Is there anything else that we should cover because I thought we might end at this particular phase? We will pick this up next time when you leave Rome in 1978. Where did you go?

McGHEE: Prague.

Q: We'll pick up Central Europe in 1978.

Today is the 18th of September 1997. You are off to Prague. How did you get the

assignment and what about language and all of that?

McGHEE: I got the assignment through the usual bidding process. I hadn't actually bid on Prague. I had bid on, as I recall, a job in Moscow, another one in Yugoslavia in Zagreb. Essentially what happened was that the positions that I was bidding on were not available but the Prague job was in the same area and the timing was right. I went to Czech language training for a year from the fall of '78 to the summer of '79 then went out to Prague in the summer of '79.

Q: You were in Prague from '79 until when?

McGHEE: Until the summer of '81.

Q: About the language training, how did you find Czech as far as learning it? Was it difficult?

McGHEE: It's a fairly difficult language. I had had some experience with Slavic languages and so I didn't find it tremendously difficult although some of the people that were sitting with me who were doing Slavic language for the first time had trouble with the word endings, conjugating nouns and adjectives which is a little different for people who have only studied Romance languages. It was rather a large class for the number of teachers available. There were something like eight or nine people studying Czech at that time and there were only two teachers. It was a strange setup. There were more than the usual number of turnovers so as a result the class was on the large side. Nevertheless I found it went reasonably well and I got a three-three.

Q: That's three speaking and three reading, and a five-five being bilingual, a native speaker.

McGHEE: I would say call it an educated native speaker. In any event the language training went okay. There was no particular problem. I rather enjoyed it on the whole.

Q: Sometimes when you are taking the language you absorb quite a bit of the culture but there is the area studies lectures and also there is interaction with the teachers. I know I had this when I took a year of Serbian some years earlier and I had two diehard Serbs teaching us. I certainly learned about the Serbian attitude from them. Did you get any of this while you were taking the course?

McGHEE: Up to a point although I think if you were talking strictly about attitudes I would say on the whole Serbs have a lot more attitude than Czechs tend to. There wasn't any kind of effort to forcibly use the class to imprint their views but you did get a sense for how the Czechs viewed their neighbors and this sort of tense relationship that existed between the Czechs and Slovaks. If you look today, the country split in half when it became independent and it is now two countries.

I would say that if there was one thing that was missing in all of the training we got, it

was a sense for how the language is spoken on a day-to-day basis among Czechs and at that time Slovaks in the country. We were taught how to speak proper Czech which is a language which was codified. The first grammar was actually written by Jan Hus, who was also a theologian in the 16th century.

Husites were really, their warrior class made its appearance after Jan Hus was burned. Jan Hus was an academic, philosopher, theologian and a university teacher but the great military commanders that lead the Czechs in the Hussite wars, Jan Cheska, Tropsnova, Procopoli really came after him and after the kind of resentments that grew up among the Czechs after Jan Hus was burned at the state at the Council of Constance in 1415.

Q: You were basically learning a pretty formal language?

McGHEE: The problem is that the Czech that Hus codified which is considered now to be proper Czech, is not quite the same in pronunciation and I would say usage as the Czech that is spoken in Prague. Hus was from Husinetz and there is a marked difference in accent and in the slang and how the language is actually spoken between Husinetz and Prague and between anyone in the cities and anyone out in the countryside.

Then of course there is this marked difference between Czech and Slovak. They are both dialects of the same language, but Czech, because of its history and geographic position

has been heavily affected by German and absorbed a lot of German words whereas Slovak has been more affected by Hungarian. In the long period from the middle ages to modern times, Slovakia was an area that had Germans predominate in the towns and Hungarian landowners in the countryside with Slovaks working the land on Hungarian estates. That of course is a generalization. Plus Slovakia had a huge Hungarian strip along the Danube in the south. It had Ruthenians, who actually speak a kind of Ukrainian out in the east and lots of Poles scattered around in the Tatra Mountains in the north. There were a lot of odd influences on Slovak that really caused them to differentiate from Czech. There was no real effort to put Slovak on the agenda while I was here. It took a little bit of work and concentration to understand people from out east.

As I was in the consular section, we dealt quite a bit with Slovaks because Slovakia was where most of our annuitants lived. We had to travel out there to check on people to see that the people that were receiving these checks were still alive and were getting the benefit money from these checks. A lot of them were very elderly people. When we would send people out to do these consular trips in Slovakia we would generally send a translator with them because it was necessary with the strange combination of language and dialects that we ran into out there.

Q: When you arrived in Czechoslovakia in 1979 what was the political situation there as an American diplomat would see it?

McGHEE: The political situation was, I would say, that relations were quite cold at that time and they remained not very good throughout the period that I was there. In fact for

the entire second year that I was there which was 1980-1981 we didn't have an ambassador and there was frankly no hurry on anyone's point to appoint an ambassador. The ambassador when I arrived was Frank Meehan. He was pulled away I believe in the summer of 1980 to become ambassador to Poland. Byron Morton became the chargé and remained chargé for over a year and was still chargé when I left. I guess that just toward the end of that time Jack Matlock was picked to be ambassador but he at the time

was chargé in Moscow and we didn't have an ambassador in Moscow at that time. In December 1979, you will recall, the Russians invaded Afghanistan so we withdrew our ambassador from Moscow at the time and he was not replaced for quite a long period there.

We were talking about the state of relations. I should add that there was one area where we had success in spite of the host of political problems that we had with the Czechs. The problems were considerable because this was just two years after the so-called Charter of 1977. There had been a heavy crackdown on dissidents in Czechoslovakia. Vaclav Havel for example was in prison at that time. He was in prison for almost the entire two years I was there. Relations weren't very good but there was this one area where we continued to make progress nonetheless and that was in the area in reuniting divided families.

I would guess that when I arrived in Prague we had maybe 40 odd families on our divided families list, maybe closer to 50, but it was a total of around 100 people. These were people whose relatives had managed to get to the United States and were petitioning to have family members come and join them. We whittled that list down to virtually zero over the two years that I was there. We had people coming on and people going off but the net result was that it was close to zero. I think the main reason that the Czechs were so eager to do this had to do with the Czechoslovak gold.

Early in World War II the Germans had seized Czechoslovakia's gold reserves and put them in the German National Bank; it's in Frankfurt or some place. In any event, at the end of the war these gold reserves fell into the hands of the United States and the Western allies. A commission was set up to administer these funds. I think some of them were kept in the Bank of England, some perhaps in Fort Knox. It was jointly administered by France, Great Britain and the United States through this commission.

We had always expressed a willingness to return it to the Czechs but on the basis that the Czechs first had to pay off a series of claims by individual American citizens and American companies for U.S. property that had been nationalized or seized by the Czech government: either by the German run government during the war or by the communists after they took over in 1948. Our position was that the Czechoslovaks had to agree to pay this money back with interest to the claimants in order to get their gold back. For years and years the Czechoslovaks simply weren't interested. They could do the math and see that it was a bad bargain.

In the 1970s that changed because the value of that gold that we were holding went through the roof and suddenly it became a very profitable exercise for the Czechs to go

ahead and negotiate with us. These negotiations were going forward, going forward very slowly. I think the final agreement was not signed until 1982 or so. The larger point was that the Czechs were eager to make the process work and one of the areas where they saw that they could improve the atmosphere a little bit was through resolution of these divided family cases. They set some very tough requirements for these families to get out but they were reasonably fair in their dealings with us in the sense that once the requirements were met, they generally were very good about letting people go to the States. We resolved quite a number of these cases during the time I was there.

Q: You were in the consular section the whole time was it?

McGHEE: Yes. I was the head of the visa section for about the first eight months, ten months perhaps. For the remainder of the time that I was there I was the head of the consular section.

Q: On the visa side, was there much in the way of visa issuance?

McGHEE: We issued approximately 5,000 non-immigrant visas a year and one year I think we issued 90 immigrant visas and the other year it was in the 60s.

Q: It really was very small wasn't it?

McGHEE: Yes it was but the visa work was complicated because every single visa applicant had to have a security advisory opinion. That meant a name check that went back to the FBI and other security agencies here. It had to be verified by the Immigration Service office in Vienna. Every single applicant required a cable to be written, a response cable to be received. Certain types of applicants if you received no response within a given period of time the application lapsed. In any event it was a complicated paper shuffling process. No Czechoslovak received a visa the same day just by walking in the door or at least very, very few.

Q: With 5,000 non-immigrant visas, who were these people?

McGHEE: There were any number. There were of course officials that went back and for to the Czechoslovak embassy here and their embassy at the UN. There were transit visas for government officials, trade officials and various other travelers going back and forth to South America, Latin America. Virtually all of them transited either New York or Miami. There were also a certain number of tourist visas.

Q: What sort of tourist visas? The Czechs didn't sound like they were very forthcoming.

McGHEE: They were not forthcoming relative to the demand that there might have been for such visas if there had been a normal relationship. It was possible for even a private citizen to petition the government for permission to receive a tourist passport and receive a small quantity of hard currency to travel abroad as a tourist. The vast majority of Czechs when they had a chance to do so preferred to go to West Germany because they

could drive over there in their little cars, sleep in the car and carry their own food in the trunk to the extent possible. They would use what little money they were able to bring along with them, that small amount of hard currency, to shop which is what they liked to do.

We did nevertheless get a small but constant number of people that came to the U.S. Mainly people with relatives in the United States and always one family member at a time or possibly in the case of a larger family one or two. The larger point was that with anyone going to the States it was almost always a given that one spouse for example could go at a time. You couldn't both go.

Q: This was the Czechs?

McGHEE: This was the Czechs because it was necessary to have a tourist passport and a type of exit visa that stated specifically what countries it was valid for to travel to. This was a long application process and you were required to have this document in hand before you could come to the consulate and ask for a visa.

We had a fair number in that 5,000 of academics going to conferences or exchange programs in the States. These things went on at a reduced level notwithstanding the problems in relations. These were generally people who were in good order with the regime. You could pretty much count on the fact that if some university professor, for example, received permission to attend a conference it was someone that was considered loyal by the regime. Often these were people who were friends with their academic colleagues in the States. On occasion we had to refuse a visa or delay issuance for national security reasons. We would get outraged letters from these people about our bureaucratic ways. The fact was that all of them, or virtually all of them, were loyal supporters or at least did what they had to do in order to assure that they would be able to travel again. This was a big perk to be able to travel to the west.

Q: What was your contact with Czechs other than the very official contacts? Did you have much?

McGHEE: Yes up to a point. We had regular and quite frequent contact first of all with the so-called dissident community. These were people who were the signers of the Charter of '77.

Q: Could you explain what the Charter of '77 was?

McGHEE: The Charter of '77 was a document that was signed by about 1,000 Czech academics, intellectuals, some clerics, religious people, mainly Protestants. The Catholic church had its own bureaucracy that was rather complicated. There were also some people in the arts, musicians, etc., who had signed this document. This charter was protesting the way the communist government ran the country and the lack of individual freedom and was calling for democratization. A return to Dubcek type reforms.

The key signers, for example Havel is a figure that comes to mind, the famous ones, the ones that were well-known, were heavily persecuted by the regime but all of them came in for a certain amount of pressure, quiet pressure and not so quiet pressure. They took a certain amount of risk by associating with us but for them it was kind of a psychological lifeline to know that someone out there knew that they were still alive even though they might have lost their job at the university and been forced to take some work as a maintenance man somewhere. There were also a few Protestant pastors that were part of it.

It was a difficult thing and I think that there was a fairly high level of passive support for them among the population as a whole but not much overt support. They were pretty much on their own and although the Czech government was rather careful to see to it that these people were not physically harmed, there was a lot of psychological pressure on them: surveillance, petty harassment and above all an end to any prospect of professional advance.

Q: This was during the Carter administration which had a great priority on human rights. Were special efforts made by the embassy to keep up contacts with this group?

McGHEE: Absolutely. The embassy kept up contacts quite regularly. We did not get many visitors in this period. My recollection is that the highest ranking visitor that came to Prague during my two years there was our office director from State Department so that gives you an idea of the state of things. We had people from groups like the Helsinki Watch and Freedom House, etc. who did come out and make periodic contact. Each year we wrote a long and rather dreary account of all this for the human rights report which at that point these were among the first human rights reports that were written. All of the embassy sections contributed in one way or another.

The consular section had a fair amount of contact with these people. Some of them were on our divided families list. For others I would go into the visa office at the Foreign Ministry regularly, three or four times a month. In fact my practice was simply to have an open request for an appointment. As soon as they saw me I would call the next day and ask for another appointment because generally it took a week or ten days at the minimum for them to agree to see us again. We pretty much kept an open request on file. Another thing that we did was we had a fair number of American citizens in various types of distress that we looked after. Some people in prison.

Q: Were there many American who came to Czechoslovakia? Were there problems with them, I am talking about tourists or official visitors?

McGHEE: Official visitors in my time not so much. With tourists we had some rather exotic problems with people getting arrested. I had a bunch of college students who were arrested smuggling bibles into the country. I don't know how they got hooked up with this group or managed to be talked into doing it. There was absolutely no need to smuggle bibles into Czechoslovakia because they were readily available and frankly not very frequently read. Czechs aren't the most religious people in the world. Somehow

someone managed to convince these kids that there was a shortage of scripture in the Czechlands so they were nailed at the frontier carrying a bunch of bibles and other religious material for some Protestant group here in the States. The Czechs kept them for about a week, sweated them, then let them go.

We had a man who in the 1950s was a draftee boarder guard along the Austrian border. He was out on patrol one snowy night and made a break for freedom. There was a gunfight that ensued and he killed his commanding officer. He made it over to Austria anyway and was eventually processed and came to the United States, moved to New York, got married and had kids.

In the early 70s we had come to an informal agreement with Czechoslovak government that if they gave a visa to an American citizen to come into Czechoslovakia, then you could assume that the Czechs would not arrest this person for leaving the country illegally. That was the big fear that people would come out and be arrested on the spot for illegal immigration which was a crime. The deal was that they wouldn't give a visa to anyone that they thought had to be arrested on this charge.

This fellow had read something about this in one of these émigré newspapers. Thinking that that applied to him too he had applied for a visa to come back and visit his father in I believe it was Brno. The visa was granted. He came back thinking he was in the clear and of course he was arrested on the spot as soon as he came into the country for having killed his commanding officer which hadn't been overlooked by the Czechoslovak army.

We screamed and yelled about it and yelled about the agreement in particular that they should never have issued him a visa. The Czechoslovak Foreign Ministry in fact was rather straight-forward with us compared to their usual and said that they agreed that it was a mistake but now that he was here they couldn't very well let him go because after all it was a military question. In the end I believe he was sentenced to 15 years and got out in seven which we considered to be something of a victory for having pounded on him. His congressman who was Geraldine Ferraro, or at least her staffer who was handling this, didn't see it that way at all and actually was pretty nasty.

Q: Was Prague much of a center for American students during their wander-year or was that a later manifestation?

McGHEE: That was a later manifestation. At that time the Czechoslovak government simply was not prepared to put up with wandering. There was a requirement that any westerner who entered the country have a minimum amount of hard currency on their person and change it into Czechoslovak crowns at the border. I think the actual requirement was that the tourist had to spend a minimum of x amount per day but in fact changing the money guaranteed this because the money couldn't be spent anywhere but in Czechoslovakia. It was a soft currency that couldn't be reconverted when you left. If you changed it and you didn't spend it, you were just stuck with all this paper.

Anyone who thought they were just going to hop on the bus was wrong. Number one

they had to have a visa and number two in many of the consulates in the bordering countries they forced you to change the money right there at the consulate and you received a little stamp. You had to stay in an approved hotel. There was no sleeping on a ground or no sleeping in a tent. It was just not conducive to this kind of lifestyle where you hitchhike or hop on a bus or the train. It had to be planned in advance. You had to have a place to stay, etc., etc. As a result there was quite a bit of tourism but it was organized tourism.

We had people that got into all sorts of trouble. We had the usual number of people that died while they were touring in the country or fell down the stairs or suffered some sort of injury. That was a problem because Czechoslovak hospitals didn't run quite the same way as American hospitals. People usually brought food and fed their family members because the hospital food was so bad. If there were any valuables or things like a radio or a watch family members generally took them home at night and brought them back to the patient the next day because they had a tendency to disappear. We had lots of people who were robbed in their hospital by the attendants of various little things like blue jeans, radios, cigarettes.

Q: What about travel around the country? I know you said you did social security travel. Did you get around much?

McGHEE: I got around quite a bit in fact because of the social security thing. We had a requirement to go out and check periodically on people that were over a certain age or on people that had some arrangement where someone else was authorized to sign their check and go in and cash it. The two things that we were checking for was number one were they still alive and kicking and number two if someone else was signing the check, was the annuitant receiving the benefits of the check? In other words that they weren't locked in the cellar.

Q: How did the social security system and the other government systems appear to be working as regards to beneficiaries in Czechoslovakia.

McGHEE: In our case I think it worked fairly well. I suppose there was some fraud although I never saw any while I was there. Our program was about six million dollars a year. Not many of our annuitants were in Prague. They tended to be either in southern Bohemia or in Slovakia because they fell mostly into three categories: railroad retirement, black lung from miners, and social security.

For the most part these were people who the head of the family went off to the States to, say, work in the mines for x period of time. As soon as they got to pension they had every intention of moving back to Czechoslovakia as soon as they could. Generally many of them left their families behind and came to the States for as long as 15 or 20 years to work and earn a pension. Most of our annuitants were widows of these people. They died in the States in some mining accident or drinking accident. The check came to the family that was left behind. Especially out in Slovakia you could pick out the house. In many of these places it was the only two story house in the village so it was easy to pick them out

and go right to them. The main thing was to make sure that they were alive and were living reasonably well and that they weren't being taken advantage of by their relatives. We never had any big problems.

Q: On these trips, and also while you were in Prague, you and also others in the embassy, what was the security apparatus there? What were they called?

McGHEE: The activity was generally called the STB. The people called them steboks.

Q: Were they a problem with either provocation or following?

McGHEE: At times. For my work personally going out in Slovakia it wasn't a problem. As I said this was a six million dollar program and there was a requirement under Czech law that anybody who got one of these checks had two weeks to turn it into Czechoslovak currency. Either into soft crowns or what were know as tuzeks crowns which were valid to be spent in the hard currency stores that were scattered around the country. If we needed to go out and do something in order to administer the program, in order to keep it going, there was no problem. As long as we called ahead and provided an itinerary to the Foreign Ministry we got cooperation.

What would happen would be that out in these areas in Slovakia where they seldom saw a foreigner the trainees from the local police would practice following us around. They weren't very good at it and often when we missed a turn they would speed up and honk at us. It was never a problem. I would say the two biggest incidents we had with the internal security were number one our chief of station was entrapped at one of his mailboxes down in the south.

Q: Could you explain what a mailbox is in these terms?

McGHEE: A mailbox is a place where someone local who is working for the Agency drops off whatever it is that they picked up: written communication, recording, photographs, whatever it may be, documents. Our people drop off instructions and I assume in some cases a paycheck although I would think that most of these people have their pay deposited somewhere else understanding that it would be gotten out somewhere down the line.

I don't know the exact circumstances, but it was something like a hollow tree or fence post somewhere out in the countryside. They had picked up the agent and so they were laying in wait for this guy. He was picked up and held for a couple of days and sweated. We had to drive to see him, have a tantrum, pick him up and of course it was all filmed and put on the local television.

Q: I assume he was kicked out.

McGHEE: He was kicked out. We brought him back to Prague and he was given three days to pick up his stuff and go home which he did.

The other thing was that in the spring of 1981, in fact it was on memorial day, a Soviet soldier climbed over the back wall of the embassy and announced that he wanted asylum. As I said it was Memorial Day. I remembered because I had to go to a trial. I was sure that the Czechs had done this on purpose; holding this trial in Bratislava on a U.S. holiday so I would have to pile in the car and drive down there. I got back late in the day. The arrangement that they had then was the building that housed the embassy was way too big for our needs. There were only about 20 Americans.

Q: A huge castle wasn't it?

McGHEE: It was a palace. There was a long history to it. It used to be owned by Thomas Crane of Crane Plumbing. He was a Czecho-phile at one point and he made a deal with the Wilson administration at the end of World War I that in effect he would give them this place to be the embassy if they made him ambassador. He was ambassador for two or three years and then at the end of that time he sold the place to the U.S. government for a buck and we are still in it. In my day, the embassy was so small, there was nothing going on, that the central wing was the chancery and the rest of it was apartments. I lived in there as did about half of the other American staff.

We were up in the back garden cooking hamburgers and hot dogs. This rainstorm swept through and everyone went piling down the hill and into my apartment. We were milling around in there, drying our food and stuff when someone came and got me and said come here, look what's sitting on your bed. When the rain started this guy had ran down behind everyone else and ran into the apartment and there he was sitting on my bed. He was about 19 years old. He was a Ukrainian draftee and a corporal. He had buried his uniform and had swiped clothes from someone's clothesline so he was kind of dressed like Emmett Kelley.

Q: Emmett Kelley being a renowned clown dressed in old bums' clothes.

McGHEE: He had had trouble with his commanding officer and wasn't very popular. He had been beaten up and he just wanted to get out but of course we had no way to get him out and there he was. I myself and some of the other officers went up in the garden with one of the Agency guys and they said that they wanted to have absolutely nothing to do with him and never wanted to see him again. At this time there was absolutely no chance that we would be able to get him out of the country. In fact this was at a time when our embassy in Moscow had a couple of families living in it who had done exactly the same thing and they weren't even Soviet soldiers. This was a deserter.

One of the people there spoke some Russian and this guy could understand Czech when he wanted to. We managed to convince him that there was no hope for him and that he could be stuck in the embassy for years. What he ought to do is go back to where he buried his uniform, put it back on and get good and drunk and then return to his unit. It was a well known fact that there were dozens of drunk Russian soldiers wandering the countryside and they had to be swept up and brought back. He would have some minor

disciplining and could go back and finish his service and go back home.

He agreed to all of this and we even gave him a bottle of vodka to take with him. We cautioned him to go find his uniform first and put it back on before he start drinking this. So fine, we waited until it was raining really hard on the theory that we would be less likely to be seen and we took him back up to the back garden and let him go over the wall. I watched him go over the wall in the rain.

The next morning, Tuesday morning, I was in my office and there was a view up through the garden out of one of the windows in my office and there he was sitting up there finishing off the bottle and talking to the gardeners telling them who he was, etc. etc. I went up and brought him back down and there we were stuck with him. In an hour we were surrounded by border police and dogs. I was control officer for him. The problem was of course that we had 40 or 50 Czechs working in the embassy so he couldn't just wander around loose. We had this garden up in the back that was not particularly secure. He had climbed over the wall and at this point Czech police started climbing over the wall making threatening gestures.

The long and short of it was that he stayed in the embassy for about two weeks then the Czechs insisted that before anything else could happen they wanted him to have an interview with the Soviet embassy to ascertain that he had not been kidnapped by us and that he was there of his own free will. This of course was absurd but we couldn't very well say no. We set up this elaborate interview with the Soviets on one side and us on the other side. We brought the kid in. The first thing that the Soviet consul said was your mother has heard of this and it gave her a heart attack. There were ground rules with no mention of family, etc. etc. They were just supposed to lay out his options and ask him whether he was there of his own free will. Of course everything went to pandemonium. We dragged him out of the room. We had to start over again. We made them tell him that it was a lie, that his mother hadn't had a hear attack. In the end, after about 15 to 20 minutes, he agreed to go with them. He picked up his stuff and left. I don't know whatever became of him. I'm sure it wasn't fine whatever it was.

Q: In December of 1979 you had just arrived and relations were pretty lousy with the Czechs anyway when the Soviets went into Afghanistan. This caused the Carter administration, as well as other European allied countries, to really rethink how they wanted to treat the Soviets because this was the first extension beyond its borders into what had been a friendly socialist country. Did that have an immediate effect?

McGHEE: No. Things were already bad. Czechoslovakia was strangely involved. When the Russians went into Afghanistan, Afghanistan was ruled by a graduate of Columbia University Teachers College named Hafizullah Amin who was slightly out of his mind. Although he bent over backwards to please the Russians, they thought he was a disaster and he was alienating the country. They managed to convince themselves that this was an opening to bring the Afghan Communist Party back.

The Afghan Communist Party existed to the extent that it existed almost entirely abroad.

It had split into two factions, Parcham and Khalq. They didn't get along with each other and so some of them were parked in Warsaw or Budapest and the other bunch which included Babrak Karmal who was the head I believe the of Parcham faction had been living in Prague working on the *World Marxist Review* which was this kind of Comintern newspaper that was published in Prague. Actually it wasn't called the Comintern anymore. We got involved because suddenly Karmal was spirited away, disappeared from his office and home, and had been flown off by the Soviets. This was the first hint that anyone had that the Russians were planning something in Afghanistan. Of course when they went in after they had secured the airport and the Balahisar and the government buildings in downtown Afghanistan, they flew Karmal in and made him President. I think he hung on through most of the civil war right up until the very end.

As far as that went, things were already bad with the Czechs and it didn't make it appreciably worse. Of course they got in on the propaganda side supporting the Soviet Union very heavily and that didn't help anything. There were no Czech advisors in Afghanistan. They weren't actively part of the policy and so I wouldn't say that it made things appreciably worse.

From our point of view it was much more the tough line for dissidents and above all the undifferentiated support for Moscow that the Czechoslovak Communist Party always provided. At that time you had Romania which occasionally would criticize them. You had Yugoslavia which was independent of Moscow. You had Poland where there were at least some economic experiments going on and there was kind of a soft line towards dissidents, at least as long as they were within the church.

Q: The church was a powerful factor there.

McGHEE: In Poland, not in Czechoslovakia. The church was itself divided in Czechoslovakia. The cardinal Tomasik was ancient, he must have been in his 80s then, and was this kind of patriarch and represented the old school. He was very close to the Vatican and very close to the Pope. But the Czechoslovak government had created this organization for the Catholic clergy called Pacem in Terris through which they attempted to control to some extent the training and functioning of the clergy. There was a strong faction, in fact I would say a majority, within the Czech clergy in those days that felt that cooperation with the state was the way to go because they were freer to do their jobs, they had better access, and constant conflict with the government gained them nothing in terms of their ability to propagate faith, etc. etc. So it was a very conflicted church.

At the time that I was there, I forget what the precise number was, but there were, I suppose, eight or nine bishoprics in Czechoslovakia and five of them were empty because the Pope, rather than get into this dispute or open up a new area of conflict with the government simply didn't name new bishops when the old ones died. They left the seats empty.

Q: As you and your fellow officers were talking about this, were the Czechs considered, when I say Czechs I mean the Czechoslovaks, a different breed of cat than some of the

other Balkan or middle, central European countries? What made them tick?

McGHEE: That's hard to say. Compared to say the Poles or the Serbs, they were I would say not nearly as volatile, not nearly as prone to, they were not nationalists in the sense of being wed to this idea of the country, the fatherland or motherland if you will. The idea of being a people with a destiny, you didn't get much of that from the Czechs. The Czechs obviously yearned for democracy as demonstrated by the outpouring in '68 when Dubcek liberalized things, but I would say that at least in the period that I was there, very few of them would have been willing to take any risks.

Obviously that changed to an extent by '89 when the old communist regime fell apart but I think the key there was that there was a clear prospect, based on what was happening elsewhere in Eastern Europe and the Soviet Union, that it could succeed. The Czechs by and large were not about to get caught up in any helpless causes. Their attitude was that if you didn't like what was going on then you keep your head down and go about your private business and don't get in trouble with the government. That is basically what they did while I was there. It took a push of outside events to stir them again to take some risks at the end of the 1980s.

Q: Was there any concern that was voiced to you about the Germans reasserting their claims to property in the Sudeten land or was this a dead issue?

McGHEE: In my day it was just a dead issue. The iron curtain ran right along the Czechoslovak border. We had the first armored division and the tenth armored division along with the Germans down in Bavaria. They had Russian armor and their own armor on their own side of the border. No one ever in any active way believed that was likely to change. I include myself among those.

Q: From our military colleagues what was the estimate of the Czech military service? In case of war what were they going to do?

McGHEE: In case of war, Czechoslovakia was automatically in the front lines. Since much of NATO's strategy was based on the assumption that in the event of a conventional war in Europe, it would take the form of the Warsaw Pact invading Germany in particular. It would probably go across Bavaria into the Fulda gap so Czechoslovakia was seen as the jumping-off point. In terms of military prowess, I think that the Czechs were considered to be in the average range. They had a couple of armored divisions on the border. They had a competent air force, but I don't think that anyone including the Russians fooled themselves that there was any great enthusiasm on the part of the Czechoslovaks for conquering any new land to support communism.

Q: Was there anything else we should talk about there?

McGHEE: I suppose not. When I left it was a quiet backwater and it gave every indication that it would remain that way. Gustáv Husák was in power and in a real sense he was unchallenged and that was the way it was when I left.

Q: You left in '81 whither?

McGHEE: I came back to Washington and became the Bulgarian desk officer.

Q: You were doing that from '81 to when?

McGHEE: I did that from '81 to '82. Actually I had Bulgaria and I was the assistant desk officer for Yugoslavia. In early '82 they reorganized the office which at that time was called EUR-EE. It became EEY and it's been divided up now. I took over as Yugoslav desk officer and someone else, a junior officer, came in and took Bulgaria in '82.

Q: So you did that from '82 to?

McGHEE: '82 to '83.

Q: Let's talk first about from '81 to '82 when you were Bulgaria desk officer. Bulgaria seldom becomes even a blip on American radar. During '81 to '82 what were American concerns in Bulgaria and any developments at that time?

McGHEE: '81 to '82 was still in the high life of the Todor Zhivkov regime in Bulgaria and it was early in the Reagan administration. The Reagan administration began a policy towards Eastern Europe that was known as differentiation. The idea of it was supposed to be that to the extent that the Eastern Europeans (I'm talking about Warsaw Pact members in particular) differentiated themselves from Moscow, they would receive more attention and better treatment from the United States. This is why we got to be close to the Ceausescu regime in Romania. Ceausescu was viewed as being, whatever else he was, semi-independent from Moscow and able to pursue his own line. To a lesser extent, but to some extent, we got closer to the Poles as well. And that's also why things were so bad with the Czechoslovak and also with the Bulgarians.

Bulgaria, I would guess, was the less differentiated of all the East European regimes and therefore by the logic of this policy it would be treated the least well by the administration. In fact it was very hard to do anything because in order for this degree of differentiation to be really perceived by the East Europeans, you needed to have someone that you were pounding and we just pounded the crap out of the poor Bulgarians.

Q: They were easy to do.

McGHEE: In the middle of this of course came this revelation that supposedly the Bulgarians had hired this Turkish hit man Mehmet Ali Ağca to assassinate the Pope.

Q: The Pope was wounded but not killed.

McGHEE: Yes. He was wounded in an assassination attempt in St. Peter's Square, I

believe, in 1981 by this Turk. There was some evidence that came to the attention of the Italian authorities that Bulgaria was involved. It was very difficult to pin down just the extent of this involvement because of the way that the Soviets divided up tasks with their Warsaw Pact allies. The Bulgars clearly did have a special mission to concentrate on Turkey and I mean not merely gathering information but also contributing to the destabilization of Turkey.

People don't remember anymore but at that time in the early 1980s Turkey was in great chaos. The great gray wolves, which was Ali Ağca's organization, were far right wing, well armed and supplied with funds. They were fighting with Deb Sol and other leftist organizations in the street. Virtually every day there were incidents of political violence in Turkey and eventually the Turkish army stepped in.

Ali Ağca was sprung from prison and smuggled out of Turkey. Evidently he did spend some time in Bulgaria en route to Western Europe and may have even received money and other assistance from the Bulgarian government to get him to Western Europe. The question that arises and remains open is did the Bulgarians also bring him to Rome and tell him to shoot the Pope or did they just intend to put him on ice in Western Europe in hopes that one day they would be able to reinsert him into Turkey and allow him to continue sowing mayhem in Turkey which was what he had done? I don't think anyone knows the answer to that question. Ali Ağca is still in prison in Italy and is likely to continue to be for some time to come.

It is not clear to me that the Bulgarians really had anything to gain from having the Pope assassinated. In the view of the Warsaw Pact at that time, the Pope was a Polish question. I'm not sure that they really viewed him as enough of a threat to run this kind of a risk, but there is not much doubt in my mind that the Bulgarian authorities did help this man to get to Western Europe, but I think that their ultimate goal was that he would be able to go back to Turkey and continue his career of political violence in Turkey which is what he was up to.

Q: You were on the Bulgarian desk when the Reagan administration was just getting in, this being a right wing in the American political spectrum coming in. Did you feel sort of almost a mandate that we had to be kind of tougher and take a harder view of Bulgaria or anything like that?

McGHEE: No, there was no need for me to propagandize. The view of Bulgaria was already so hard that there was no work to be done in that. I didn't have to go around telling people to be hard on the Bulgarians. In fact what was really needed was to occasionally find the odd opportunity to do something useful or constructive with the Bulgarians and they didn't come very often.

We had the Bulgarian Symphony Orchestra come to Washington and do a couple of performances at the Kennedy Center. The concert which I went to wasn't very well attended. It was a very good orchestra. They performed two pieces. One of them was a Mendelssohn piece and the other was a piece by a Bulgarian composer named Vladigerov

and it was entitled in the program as *Bulgarian Rhapsody Vardar*. Vardar is a river. I am sitting there with my wife flipping through the program notes and I said to her something like I didn't know the Vardar River went into Bulgaria, I thought it was further west? And she said well who cares. So we sat through the thing and it was quite enjoyable and the orchestra was very good.

The next day I got a preemptory call to get up to Eagleburger's office right away. He was Under Secretary for Political Affairs at that time. The Yugoslav ambassador, whose name was Bugimere Lonshar, (we used to call him Bud,) he was up there ahead of me and was waving around the program from this Bulgarian concert and a map. We consulted the map together and I was right, the Vardar River in fact didn't go anywhere near Bulgaria. It was about 50 miles over and completely in Yugoslavia. Of course to the Yugoslavs this was a provocation because this was the Bulgarians asserting their claim to Macedonia. Why did we let this happen? Didn't we check the notes at the Kennedy Center? Of course we all go troop into Eagleburger and Eagleburger didn't want to just sit there.

Q: He had been ambassador to Yugoslavia. Larry and I took Serbian together so he knew the Macedonian question and the sensitivities.

McGHEE: In fact being the Yugoslav desk officer in those days was really just being an assistant to Eagleburger. Anyways he would periodically turn to me and say "did you know this?" I said I was at the concert. Lonshar had had somebody sitting in the concert too. Eagleburger finally said well I don't know what we can do about it. Everyone was pretty ticked off with the Bulgarians for messing around like that.

Q: If I recall, wasn't it around this time that there were books on terrorism and the Bulgarian? The Bulgarians had already killed somebody in London with a poisoned umbrella. So they were perceived as the center of something.

McGHEE: It was an umbrella that had a little gas canister in the point that shot this tiny little pellet with poison in it out the tip. They walked up behind this guy whose name I believe was Federov on the street or in the underground or something and just jabbed him in the back of the leg and this tiny pellet went in. He wasn't immediately poisoned. He wasn't stricken on the spot. He got sick over a couple days and died rather slowly and painfully as I recall. They attempted it on someone else in Paris or Vienna. That person also got sick but they didn't get the pellet right into the blood vessel that time so he recovered. Federov worked for the BBC Bulgarian service and they were after him for that reason.

Q: This made Bulgaria well known, notorious I guess.

McGHEE: To the extent that anyone knew about it, they were notorious but the fact is that people just didn't know. It was difficult to get anyone to take it seriously. This was the big frustration. For some issue, the precise nature of which I do not recall right now, the Bulgarian ambassador here, Julev, needed to come down and see Eagleburger on a Saturday morning. Eagleburger agreed because he was going to be in anyway but the

timing was very tight. The ambassador was asked to be here at ten a.m. sharp and we'll do what we have to do in half an hour. Ten a.m. rolls around, no Julev, no Julev, no Julev, and Eagleburger, as Eagleburger was one to do, said well the hell with him and disappeared. He said you send me a note on Monday morning and tell me why they aren't here.

Eleven o'clock Julev shows up downstairs. I had been calling around and I couldn't find him, etc., etc. He shows up down at the main entrance to the State Department. I went down and said, "Eagleburger is gone. Where were you? All this urgency and you don't show up." It turns out that it was right when daylight savings time had changed and not only had the Bulgarians neglected to turn their clocks back but they had gone the whole week without realizing that their clocks were an hour off. Right here in the middle of Washington they managed not to know. Because they only saw each other they were all on time. They were all working off the same time.

Q: What about drug trafficking? Was that a problem because they had these big international trucks on legitimate travel to Europe that used to go from Turkey up through Bulgaria and parts of Yugoslavia?

McGHEE: There was intense suspicion. In my time nothing was proven although everyone was pretty sure. It wasn't so much drug trafficking as it was the sort of thing that Noriega did in Panama which was allowing these people to use the national territory as a platform for moving their stuff along. The Bulgarians, as far as I know, and this may have changed later on, were mainly concerned in getting a rake-off. Stuff could move through but the Bulgarians had to be paid.

They handled this all through these enormous state companies that existed there and were into all sorts of things. Some of them handled transportation and this was essentially how it was done. They were brought in through special arrangements and they weren't bothered by security or customs coming or going. They were allowed to go out the other side but they paid. I think that was the main point. There was no enforcement on Bulgarian territory.

Q: Were you under orders to try to do something about this? Did you make representation?

McGHEE: We did do some things in Sofia, less here although at one point the Justice Department was in touch with them about increasing cooperation. This was also the downside of the differentiation policy which was that it was difficult for us to work so hard to keep the Bulgarians in the doghouse and then go to them and ask them to give us special cooperation on this issue and terrorism. We did kind of hold out the prospect that things might improve if they were more cooperative and if they cracked down on drugs moving through Bulgarian territory. Every once in a while there would be an arrest. Frankly I think they were shrewd enough to see what the lay of the land was here and that it was going to take nothing short of a democratic revolution in Sofia to get Bulgaria out of the doghouse so why bother.

Q: Was there much trade with Bulgaria at all? I always think of the attar of roses or whatever that is used for.

McGHEE: That's right. That is a cash crop in Bulgaria. There is a valley of the roses somewhere out in the central highlands around Plovdiv and they grow roses there and extract the essence for perfume companies so it is big business. They grow some wine. It is kind of a Mediterranean climate and Bulgarian food is very Mediterranean. It is more like Greek food than it is like Northern European food. A big part of their diet is based on yogurt. Yogurt apparently is a traditionally thing. Bulgars originally came from Central Asia and they fermented the yogurt in their saddle bags as they pounded across the steppes. The embassy used to give me every year for Christmas a yogurt culture for me to make my own yogurt. I never quite got the hang of it but I was a little bit suspicious anyway their reputation being what it was.

The other thing was we had this long and involved story here with the embassy. They occupied a building on 16th Street that used to be an ice cream factory; that was their chancery. It was in a dangerous neighborhood and they were constantly being mugged coming and going from the building. They wanted to move and build a new chancery up on Connecticut Avenue where all these embassies are, that kind of diplomatic park there next to UDC, University of the District of Columbia. But along with the spot that the Russian embassy occupies on Wisconsin Avenue, that is the highest point in the District. The CIA and the Pentagon insisted that they did not want the Bulgarians up there looking down on all of their microwave communications. The Bulgarians didn't want to go anywhere else.

They leased the building on 16th Street from a real estate company that sold it to a private developer. He wanted to turn it into a condo but we had to get the Bulgarians out first. Their lease was up and they weren't paying any rent because they wanted the State Department to find them a building that they could move into. Our attitude was it's not our business to find you a building. You go find yourself a building and do it quick because you are trespassing on this man's property.

This developer was getting madder and madder and madder and at one point he went to some Pinkerton or Allied Detective Agency and hired himself a swat team. He was going to go in there and kick down the door and throw them all out. Of course I had to get the legal division out of bed in the middle of the night to get a restraining order to stop this guy from invading diplomatic premises but in the meantime the Bulgars just dragged their feet and dragged their feet. They didn't have any money is what it boils down to. Eventually after about a year and a half, this had started even before I got there, they finally did get a building that the Israelis had given up over on Florida Avenue and I believe they are still there. They have never gotten their palace up on Connecticut Avenue.

Q: Then you moved over to basically do the Yugoslav desk for the next year, is that right, from sort of '82 to '83? What were our concerns with Yugoslavia at that particular time?

McGHEE: Our main concern with Yugoslavia was stability. Tito was dead and he had left behind him not a successor but a sort of a ramshackle institution called the rotating presidency. There were I believe eight members of this panel, one for each of the republics.

Q: There were five republics weren't there?

McGHEE: There were five republics. There were seven members then: five republics and the two autonomous areas of Kosovo and Voivodina. They each had a seat on it as well. Everybody got a turn. For a year you were chairman of this body and as chairman of this body you acted as chief of state for ceremonial purposes. But in order to do anything, you had to have a majority vote within this panel. Plus Yugoslavia being run the way it was, each of the separate republic of Montenegro, Bosnia Herzegovina, Croatia, Slovenia and Macedonia each had their own government that to the extent possible sought to run things internally.

In my day this rotation actually worked fairly well. The presidency was occupied by people who had all worked more or less closely with Tito and believed in Titoism and a united Yugoslavia and so they managed to make the thing work even though it was highly improbable. Of course as soon as the Soviet threat was taken away, it flew to pieces. In those days it worked reasonably well.

The other big problem was with the Albanians. There was severe ethnic strife in Kosovo that caused the shutting down of the University of Pristina. The Kosovo government was dissolved at various times and was run by a sort of commissioner that was sent there from Belgrade. The Yugoslav army was bolstering the police in the region. There were incidents of terrorism and pressure brought against the Serb population to leave with a consequence that the Serbs went from around 25 to 30 percent gradually down to about 10 or 12 percent of the population of Kosovo over that period. Of course there was suspicion that a lot of this was being fermented and financed by Enver Hoxha and the Albanians next door.

Q: Were there any issues between the United States and Yugoslavia at this time?

McGHEE: Not major ones, no. Relations were actually pretty good and relaxed and of course with Eagleburger as Under Secretary he paid a lot of attention to the Yugoslavs and made sure that things stayed on track.

There had been an incident about five years before, I don't remember the exact date anymore, but a Croatian independence group here in the United States had bombed the home of the Yugoslav number two in their embassy down here in Northwest Washington. The home was completely destroyed. Fortunately there was no one injured in the bombing but the place burned to the ground. The Yugoslavs had not had it adequately insured and the rebuilding was significantly more than they had in their insurance fund. Eagleburger actually managed to get the State Department to pay the balance of the

rebuilding costs. Technically it is our responsibility with an attack like this on our territory.

I actually did a good-bye party for this guy. I went and got the check that was written on the secretary's sort of emergency fund, I guess. It had a name and I don't remember what it was called anymore. It was a fund that the secretary had some discretion over how to spend. They wrote the check and I brought it to this reception and handed it to Eagleburger when he came through the door then he waved it and handed it over.

By and large relations were very good. There were problems but they mainly stemmed from the fact that the Yugoslavs were in kind of an economic crisis and the embassy had no money. They were constantly stiffing tradesmen or asking us to pick up the cost of this or that.

Q: Where we concerned about anti-communist forces in the United States, I mean émigré Serbs or Croats?

McGHEE: I think it was émigré Croats at that time in particular.

Q: Were they causing any other problems? Did we keep good track of who was doing what to whom?

McGHEE: They did cause problems and in a number of areas. Sitting in the State Department the problem was that some of these Croatian organizations had good contacts in congress and congress was constantly on us about being too friendly with the Yugoslavs. It was nothing insurmountable but it was constant sniping. They would turn up from time to time with the old Ustashi flag, independent Croatia, and bug the Yugoslav ambassador sometimes when he traveled. The worst incident was the bombing of this house here that I recall.

Q: I can't remember when it happened, the Artukovich case. Did that occur during this time?

McGHEE: No. Actually Artukovich, as I recall, was arrested in Yugoslavia for snapping photographs.

Q: No. I am talking about Artukovich who goes back to the Ustashi regime in Croatia and had been living in California. I think he was a war criminal. That had been taken care of?

McGHEE: No that didn't take place during my time. In my time there was a guy whose name I can't remember that had been picked up for allegedly spying, economic espionage. Although what he had actually done was, only with difficulty it could be characterized as that. He got out while I was on the desk although most of the work had been done by my predecessor. We handled his departure and his flight back to the States. I can't now remember the guy's name.

Q: No earthquakes or anything like that in your time?

McGHEE: No, no earthquakes. There were no forces of nature work.

Q: Forces of nature were benign. How about between Yugoslavia and Italy, were there any issues that we got involved in?

McGHEE: None that we got involved in. In that time frame or slightly before that, actually when I was serving in Italy in around 1978, there was an agreement signed between Yugoslavia and Italy at a place called Ozemmal which is in the Marque, northeastern Italy. It was a treaty that was supposed to settle all the outstanding issues from the Second World War including Trieste and all of that. In fact the Ozemmal Treaty generally did settle most of those issues.

Some of them have been reopened since then because of the collapse of Yugoslavia. Italy is now settling its outstanding issues with each of these countries separately. There are some issues stemming from the expulsion of most of the Italian population at the end of World War II.

At that time this Ozemmal agreement had just been signed and it was holding up pretty well and being pretty faithfully implemented by both sides. Tourism and travel to the Dalmatian coast was open and it was being fully utilized by Italians as well as Germans and Swedes. It was a pretty quiet time.

Q: I thought we might pick up the next time after '83. Where did you go in '83?

McGHEE: I went to Rome.

Q: Today is the 29th of September 19997. You were in Rome from when to when?

McGHEE: From about August of '83 to June or early July of '87.

Q: What were you doing in Rome?

McGHEE: I was in the political section. I worked entirely on Italian internal politics. My main responsibility was following in particular the Christian Democratic Party which was at that time the largest party in Italy. It was the one party that had been in every government since the Second World War. I also was responsible for following the ups and downs of the government itself in parliament. I followed the key deliberations in parliament and I also had a brief for Italian judiciary especially their dealings with organized crime. I also followed sort of local politics, local governments. That meant also coordinating reporting with the consulates at that time. We had seven consulates in Italy I believe: Trieste, Genoa, Torino, Milano, Florence, Naples and Palermo.

Q: Who was the ambassador, at least when you got there in '83?

McGHEE: Maxwell Rabb and he was still the ambassador when I left in '87.

Q: What was your impression of the embassy as a working unit when you were there during '83 to '87.

McGHEE: The embassy was quite strong. I would say perhaps in many ways I thought that the embassy that I worked for in Rome from '76 to '78 was perhaps the best group I ever worked with in terms of just ability and talent in the political section and the economic section. The embassy in Rome was very strong. They had an experienced political counselor when I got there, Charlie Stout, who knew Italy very well. The DCM was really a first rate FSO named Peter Bridges who later went off to be ambassador to Somalia. It was a good section all and all I would say.

Q: During this, particularly when you initially arrived and as things developed, you were the man who was looking at the Christian Democrats, the DC. Did you see any signs of, you might say, decay coming in? You say it had been in a long time and any party that has been in a long time begins to crack around the edges. It is just inevitable.

McGHEE: It was not the party it had once been. Clearly some of the energy and drive had gone out of the leadership. I arrived in the summer of '83 just after elections in which the DC had scored what was at that time its historic low which was around 34 ½ or 35 percent of the vote. The communist party, the PCI, had at that time just scored in the same elections an historic high at about 29 percent. The DC was already beset by problems related to corruption and it was laboring under considerable difficulty already. It later of course fell apart completely some years after I left but even at that time the signs of strain were evident.

The leader of the DC at that time was Cherico Domita who was an able, cultivated and very intelligent man from a place called Nusco which was near Avalino in the south in the so-called Taladelavoro. In other circumstances he might have been a good leader for the DC but at that time he certainly lacked the ability to inspire. He was operating from a position of weakness in that he was really to a large extent in the hands of the big faction leaders within the party, the heads of the so-called Corenti. He had a tough job juggling internal party problems with the need to maintain the party's role in government.

After the 1983 elections which were generally seen as a defeat for the PC since it was an historic low for them in a national election, they had been forced to accept the leader of the socialist party, Bettino Craxi, as prime minister. In fact Craxi was in charge for nearly all of the four years that I was there. He headed two governments and a very short third government running from the last week of July in '83 right up until the spring of 1987 when he was replaced by a sort of interim government headed by Amatori Fanfani.

In fact in 1987 there was a planned official visit to Rome by Ronald Reagan en route to the Venice Economic Summit of 1987. Reagan was going to come to Rome a few days early and have an official visit to Italy. Because of the fall of the Craxi government and

the turmoil surrounding the formation of the Fanfani government the visit to Italy portion of that trip was canceled. He just went to a villa up north somewhere and relaxed for a few days. He skipped the Rome part entirely.

Q: What was the attitude of the political section when you arrived there? The Christian Democrats had reached their historic low. Everything is historic in Italian politics. Were we beginning to write the Christian Democrats off? How did we feel about it?

McGHEE: It was somewhat more complicated than that. I think there was at that time a general feeling that perhaps we were too close to the Christian Democrats but I don't think that there was any clear sense of what options there were.

I mentioned that the Christian Democrats at that time were struggling with a variety of scandals and internal problems related to corruption. One of these had involved a man named Francisco Padsiansa who had played a very central role in a number of affairs that had occurred in Italy over the previous 10 or 15 years. He worked at times for the Italian security services and did a number of jobs for them both internally and involving outside contacts with people like the Libyans and groups in the Middle East. He also had contacts with organized crime and he was known to have gone to prisons and visited in prisons organized crime leaders including an incident where he apparently arranged the release of the son of a former leader of the Socialist Party, Den Martino, who had been kidnapped by the Camorra. The Camorra is the mafia of Naples. He had shuttled back and forth and arranged some sort of deal for the release of Den Martino's son but involving what quid-pro-quo no one was entirely sure. He had been involved in a number of deals involved rake-offs on contracts for rebuilding in southern Italy following the big earthquake there in 1980. Padsiansa had also had some contacts with someone in the embassy political section that had not been particularly compromising but created some problems. He was in with the DC and there was just some feeling that we were just a little too close to DC for our own good.

Part of what I did do while I was there was to try to maintain good relations with the Christian Democrats. Possibly part of that was to put the relationship on a more realistic basis and to begin looking towards the future to changes it seemed that would inevitably take place in Italy. In my time they actually bounced back a little bit. When I left they had come up a bit in the 1987 elections as opposed to 1983. I think it's becoming increasingly clear to everyone that the long-term trend is downhill.

At that time we were still involved in the Cold War and of course the question was what is the option to the Christian Democrats? As I said, some people thought Craxi and the socialists might be an option in the long run but Craxi, although he was fairly successful at least in Italian terms as prime minister, never succeeded in getting the socialists above 16 percent.

The other big party of course was the communists who were getting very close to 30 at that point. In fact there were elections for the European parliament in 1985 in which the communists actually were the highest vote getters. They got more votes than the

Christian Democrats by half a percentage point or so. That was also seen at the time as a possibly historic event although it turned out that many Italians simply viewed the European elections as not meaning anything and took it as a cost free way to register a protest.

Q: In the political section, but maybe not officially, in the bull sessions or in talking to one another, were you thinking the unthinkable? What would happen if the communists came in? We are still talking about the Cold War being on and Gorbachev was beginning to come in at this point.

McGHEE: When did Andropov die? Gorbachev came in towards the end of this period as I recall. There was a couple years of Andropov, then Chernenko.

Q: The Soviet Union was not considered benign. What was sort of the thought that if the communists did come within the ability to form a government, was there concern about what happens or will the military do something? What were you all thinking in these terms?

McGHEE: The communists had come quite close in the 1970s. There were a series of Andreotti governments from 1976 to 1979 which were essentially single party governments of the Christian Democrats. They were minority governments and they were kept afloat by the communists. But subsequent to that, the reason that the Christian Democrats had been forced in those times to operate single party governments was because they were unable to find coalition partners.

There were the socialists and the so-called lade parties, the little parties in the middle (liberals, social democrats and the republicans) all of whom usually pooled in between two and four percent of the vote. Italy had this proportional system that tended to inflate the importance of small parties. These parties had tried to detach themselves from the DC in that period thinking that this would give them higher profile and more success at the polls when in fact the opposite happened. They hurt themselves by being out of government. They were tiny parties. In government when they had a few ministries they had access to some patronage. Out of government they ran the risk of becoming irrelevant.

In the early 1980s they came back to the DC and there was even a brief period when the Christian Democrats took refuge from an earlier set of scandals and let the republicans in the person of Giovani Spatalini have the prime ministership. He had two governments that lasted I suppose all together of a year and a half or something like that. The average survival time for an Italian government in those days was between eight and nine months. Craxi's first government was something like the 43rd or 44th since the Second World War. The people at the ministries used to say that there was a typical cycle for a government which was that you spent three months bringing the new minister in and getting them to the point where they could do some work. You spent three months working really hard then you spent three months sitting around watching while everything fell apart then it started over again. Craxi at least broke that mold in that his

first government lasted almost two years and he was immediately able to put together a second government that lasted over a year, I don't remember exactly how long.

Q: The embassy has a job. One is to report on things but also to get decisions from governments. I would think that with this situation where the majority of the time the ministers are really not up to full competence because of the constant changes, did you and others in the embassy find that you relied rather heavily on the civil service?

McGHEE: That was the way things worked, yes. In my job I was the one person that didn't have to worry about running into the ministries all the time. My job involved going to parliament, going to where the DC had its headquarters and going to any number of coffee bars and restaurants around town which were Christian Democratic hangouts and that's where I did my work. But yes, in contrast to what you might think, this sort of constant instability at the top made the Italians very easy to work with on some things. For example in this period and despite of the governmental instability we managed to get a final decision to go ahead and then implement the installation of intermediate range missiles in Comiso. It all went much more smoothly and much more free of protests in Italy than it did elsewhere in Europe, I'm think specifically now of Germany and Great Britain and the Netherlands, in spite of the fact that Italy had the largest communist party by far in the West. The communists were pointing towards a role in government for themselves and one of the things that they wanted to demonstrate was that they could work with NATO. They largely stood aside from the INF decision and we got our people into Comiso and got our building done and got the Cruise missiles installed with really a minimum of problems and a minimum of political wear and tear. Our big difficulties arose from two things. Number one was the Iran-Contra arms scandal. We had been hitting the Italians hard over and over again over their connection with Libya. Italy was then and remains now very much dependent on Libya for oil. There is no oil in Italy whatsoever. They tread very carefully where the Libyans were concerned. We berated them constantly over terrorism wanting them to do more and take a tougher line even though frankly they were always there when we needed them or most of the time. They sent a contingent to Lebanon and it was extremely successful. They were in downtown Beirut and they did an excellent job and had no problems working with the local population on both sides of the green line whereas we had problems.

Q: We had a barracks blow up and the French had the same problems.

McGHEE: In any event, all of our preaching was, to put it mildly, undermined when it turned out that the administration had been offering weapons systems to the Iranians in order to get hostages freed in Lebanon. Our rhetoric was all the other way and frankly what we were telling the Italians in private was all the other way. To say the least it flushed all that down the toilet.

In 1985 there was an Italian cruise ship called the Achille Lauro that was hijacked by a group of terrorists in international waters in the Mediterranean. They took the Achille Lauro on a long tour of the Eastern Med. They went to Cairo, they went up to Latakia in Syria and they went back to Alexandria. In the course of this for some reason that has

never been entirely clear, the terrorists took an American citizen passenger name Leon Klinghoffer who was in wheelchair up on deck at one point, shot him and threw him overboard. No one knew this had happened at the time. They were at sea and the leader of the Palestinian organization, who subsequently it became clear was the individual who ordered this operation in the first place, named Abu Abbas flew into Cairo, went up to Alexandria and talked them into leaving the cruise ship. Subsequently it was Negroponte who was ambassador to Egypt at the time went on board and discovered this American had been killed.

Q: No it was not Negroponte it was, anyway it wasn't but I interviewed him. That name is escaping me at the time. Nick Veliotes.

McGHEE: He immediately asked the Egyptians to seize these people and arrest them because all of this had taken place on the understanding that no one had been harmed aboard the ship. The Egyptians didn't arrest them. They gave them an airplane and they were flying them somewhere. We intercepted them in the middle of the night over international waters and at that point were presented with the problem of having intercepted them where do you take them? This was a big airliner. It was an Egyptian military airplane.

They escorted them to Sigonella in Sicily which was a U.S. facility located on an Italian Air Force base in Sicily and forced them down there without having informed the Italians in advance that we were going to do this at all. These aircraft appeared out of the night and plopped down on the runway at Sigonella and announced here we are. Within less than half an hour from the opposite direction out of the west come a couple of C-130s loaded with the Delta force.

Q: These are American shock troops?

McGHEE: American anti-terrorist commandos with a general named Stiner aboard. The Italian Carabinieri of course had surrounded the Egyptian airliner with the terrorists on board and General Stiner proceeded to surround the Italians and tell them to drop their weapons so that he could storm the plane. Of course the Italian base commander refused and he was ordered by Rome to stand his ground. The White House was trying to run this over the radio from the situation room and of course they were pumping up Stiner who was pumped up anyway.

In any event, the Italians ordered this plane to fly under escort to Rome where they wanted to get their hands on all of these people. They claimed that although the crime had taken place in international waters it was aboard an Italian ship and therefore it was a question for the Italian courts. General Stiner flew up to Rome and was buzzing the aircraft and had to be forced away. It was very ugly.

Everything was terrible and the Italians were on the verge of shutting us down. It was just badly done from our side in any event. All of it happened in the middle of the night. I went home and virtually everyone else in the embassy went home to bed that night. There

was some sort of a commo and command team that had set itself up in the embassy.

Q: Commo being communications.

McGHEE: Communications and they had flown in from outside from Stuttgart or someplace. They were able to talk to the ship and to talk to the pilots and talk to Sigonella. We had gone home thinking it was over at five or six in the afternoon. We came back the next day and there was a full crisis. These people were on the ground in Rome and General Stiner was being held at some air base outside of Rome. It all had just gone down the toilet overnight while we were all asleep.

Q: How did it sort itself out?

McGHEE: It sorted itself out that the Italians arrested the hijackers and put them on trial in Italy. I believe there were four or five of them. Abu Abbas was the real sticking point because we wanted him arrested too. They loaded him on a Yugoslav airliner that was on a regular commercial flight to Belgrade. He was picked up in Belgrade by members of his organization and subsequently flew to Baghdad. I believe he lives in Baghdad to this day.

Q: Was the embassy in a state of shock trying to mend fences, build bridges, the whole thing?

McGHEE: Initially there were a number of extremely peremptory and harsh instructions that came out of Washington because there was a belief that there was still time to get the Italians to change their mind and hold Abu Abbas. The Italians never had any question but that they were going to arrest and try the actual hijackers. The question was what was going to happen to Abu Abbas who had not been aboard the ship and who had been responsible for getting them to surrender peacefully. At that point the Italians didn't have any evidence, at least as far as they were concerned, to hold him. We were telling them that there is evidence but we can't show it to you right now. By the time we got around to getting the evidence freed up, he was long gone.

Q: We are really talking about communication evidence probably, intercept calls of him directing things and all?

McGHEE: I assume that's what it was. I think they had among other things intercepts of him discussing the surrender with the people aboard the Achille Lauro and I guess it was from this, clear in a context that he was giving them orders and not really negotiating with them. This all came out long after the facts. What we were instructed to do initially, what the ambassador did, was to go down and make some very, very tough approaches to the Italians to get them to turn these people over. Of course that didn't work. They had dug their heels in. They were determined that they were going to do it their way at that point especially after the evening's activities with General Stiner. General Stiner had done a list of things that was endless. When the airliner was ordered to take off and fly to Rome, he had seized a U.S. air force plane. It's the military version of the Gulfstream

Q: It's a very small transport plane.

McGHEE: It's a little passenger jet like an executive jet. The admiral down there had one. He seized one and brought three or four of his men aboard and was denied clearance to take off by the air controller at Sigonella. He told them to go to hell and took off anyway. He chased this plane up the coast barking orders at them while they were being escorted by Italian air force fighters. It was just an endless series of things. When I returned to Rome in 1995 which was ten years later, people that I had dealt with in the Italian military still remembered this and would bring it up from time to time. Every time a U.S. base commander wanted a little leeway to do something they would say that we can't really after Sigonella.

Q: Most of the orders and all seemed to be coming from Oliver North didn't they? It was part of a very activist dam-the-torpedoes full speed ahead national security council.

McGHEE: It was coming from the NSC. MacFarlane and North, I don't know that they were still there at the time. Iran-Contra had broken by that time and they may have been already gone. It was the NSC that was trying to run this.

Q: Were there any scandals with the DC? One as you reported, were you looking with the Christian Democrats at corruption and were you getting much evidence of corruption or was this so much a given that it almost wasn't worth reporting?

McGHEE: It was a funny thing the way it worked with the DC. The DC at one time way back in the late '40s and early '50s had received a good deal of support, financial and otherwise, from us through the Agency. Claire Booth Luce was ambassador and she went out and campaigned for the Christian Democrats, no holds barred. That came to an end fairly early on. The DC received aid given that the PCI, the communists, were receiving a level of financial help from Moscow.

The party owned agricultural cooperatives. Reunite, that wine that you see on TV, that is a communist co-op from up in Regulobelia. They buy grapes from all over now. They have to have a huge production in order to be able to have wine all the places that they advertise it all the time. It's a communists cooperative. They had other cooperatives too. Factories, machine shops and things like that. They sold to the Soviet Union at way above the market price and this was a means of the Soviets passing a subsidy back to the PCI.

The DC had its own means of seeking subsidies. It had a significant and important web of support in the Catholic church all over the country and the Catholic church until very recently had no qualms about ordering parishioners to vote Christian Democrat, until relatively recently I should say.

The DC also viewed the extensive state holdings in industry, utilities and transportation sector as sort of their answer to the PCI. The DC largely funded itself through these state owned, either partially or wholly state owned, corporations. The chairman, the people

that ran them, were selected by the government or by committees controlled by the government. It is a division of spoils among the parties based on their relative strength. The DC had a huge number of positions in these state owned companies.

There was a ministry of state participation, which oversaw the state's vast economic holdings. This is something that went back to Mussolini. Mussolini had let the state go out and buy up failing companies during the depression to keep people in work. He was largely successful in that during the depression. These state owned companies found ways to help finance the Christian Democratic Party.

What happened really in the late '70s and early '80s was that this system got out of hand. The sort of cruise control under which this type of corruption was kept at a kind of socially acceptable level somehow went out of whack. The sums got to be astronomical and plus started to find their way into the pockets of private individuals as opposed to just the party coffers.

For the Christian Democratic parliamentarians and party leaders that were in their 30s, 40s, early 50s even in the 1980s, this was a system that they sort of inherited. I suppose that if you sat them down as individuals and said now isn't this really illegal, i.e. your taking rake-offs, they might have thought about it and said well yes I suppose it is illegal. What it was in effect was the way that they had always done things. It was the system they had inherited from the party's historic leaders. A lot of them I don't think gave it much thought. They just went on with the practice that they found. What happened was that it got out of hand. It got to be just ridiculous.

There was an initiative in my day to take the ambulance services in Naples out of private hands. In most of Italy this had been done long before. The ambulance services like everything else were run by the state. They were government employees. But Naples had kind of this tradition of local ambulance services and it was sort of half run by the Camorra. These private services had their territories all carefully divided up and you had to know who to call depending on where you were in Naples. It was complicated, arcane and Byzantine.

They got a new mayor in and he wanted to change it so they said it is going to become a state service now but the state is going to buy up the assets of all these private companies so that the people won't lose their living. They will also hire as many of their drivers and medical aides as possible. For a while you could go out on the autostrada on any given day and see ambulances being rushed down to Naples for people who would buy them from Germany, France, Poland. Some of them were wrecks and had no wheels and were loaded on the back of flat bed trucks but all you had to do was to get it down to Naples within a certain period of time and the state would buy it from you, no questions asked. A lot of people made way too much money on this transaction and it ended up with a certain number of people, including some prominent Christian Democrats, going to trial if not going to jail.

This was the kind of thing where I think older people in the party felt that there was a

time when someone somewhere along the line would put their foot down and say that this is beyond the pale. This kind of limit seemed to have disappeared somewhere along the line in the late ‘70s and early ‘80s. Plus the cost of political campaigning went up and the value of getting a place in the ministry, all of that became much more lucrative over time. I guess people just couldn’t resist the temptation.

Q: Were we reporting this?

McGHEE: Oh yes.

Q: Was there the feeling of let’s not go too hard on these people or was it just that it was such a continuing occurrence that unless it really gained some notoriety you focused on other things?

McGHEE: These things were a constant occurrence. You were in Naples. You know how it is. This stuff is in there and plus it never goes away. It tends to be recycled every few years or so, something that happened.

I don’t know if you remembered the great Lockheed scandal that brought Giovanni Leoni down. It ended up with Mario Tenaci who was a defense minister and a Social Democrat, going to jail. His successor who was a Christian Democrat, who was not involved in the Lockheed thing at all nevertheless just couldn’t shake it off and he ended up having to resign and leave politics. The Italians love the idea that there had to be some sort of a plot behind all of these things. That there was some larger group behind it.

The huge overarching scandal of the period in the early 1980s, from say ‘82 or so until the end of the decade, was the so-called P2 scandal. P2 was a sort of code designation of a Masonic lodge. Physically it was located near Arezzo in Tuscany. Free Masonry has this long and very arcane history in Italy because in the period when Italy was divided up, before Italian unification, the Free Masons were one of the few organizations that spanned the whole peninsula. They were completely divorced from the church and could work in a kind of semi-clandestinely for Italian unification. Mazzini worked for the Free Masons. Garibaldi had these mysterious connections with the Free Masons. The church of course was dead set against Free Masonry for the same reason. The church was also an independent state at that time.

There is this ambivalent attitude toward Free Masonry anyway and here was this Masonic lodge in Tuscany that was presided over by a guy named Weicho Di Jelly which had on its membership rolls dozens and dozens of politicians, generals, judges, corporate people, the list went on and on. The upshot of it was that there was an assumption made by the press, sort of generally shared by everyone in Italy, that this was a kind of government in a government. That there were mysterious meetings that took place, one wasn’t exactly sure where, where all these huge powerful people in the state got together and plotted this and planted that. It was linked with terrorism but in spite of all the investigations and the years and years of allegations and people being forced to resign from their jobs in government, no criminal conspiracy was ever uncovered. Di Jelly went on trial for

various things but he was arrested time and time again. He never went to prison and he was never convicted of anything nor was anyone else. This was there and it was constantly brought up. P2s hand was suddenly seen behind everything that had happened in Italy for the last 30 years.

Q: In your work you also covered the judiciary. This is, particularly in their fighting of organized crime, the Camorra, the Dragnata and the Mafia, what was your impression of the judiciary in this time?

McGHEE: The judiciary was like anything else. Virtually any general statement that you make about the Italian judiciary is going to be inaccurate except for the one I just made.

At that time the dominant overarching figure in the Italian judiciary was Giovanni Falconi who was the head of the pool of magistrates in Palermo that were investigating the Mafia. They were the point men in the Italian state's effort to bring the Mafia under control. The three key judges in Palermo in those days were Falconi and his two main assistants who were Pala Boralino and the other one's name was Shaki Guitano. I had nothing but admiration for these three guys, Falconi in particular.

They lived unbelievably. Their lives were just beyond belief. Falconi never saw his family. He couldn't discuss where they were kept or what their identity was. I think in my own opinion they were hidden somewhere in France or Switzerland at the time. He saw them three or four times a year at the most.

You are talking about a condition that he in effect had agreed to accept in perpetuity, for all that he knew. He had agreed to take on the Mafia. This is a lifetime commitment. This isn't like going into the Marine Corps and going to Vietnam for a year and a half but then you come home and are done with it. This wasn't home for Falconi because it was just a year and a half after he left Palermo and was done with the Mafia phase of his career that he was murdered by the Mafia on the autostrada coming in from the airport to Palermo. He and his wife were both killed along with several of his bodyguards.

Palermo had become extremely dangerous so that the DEA didn't go do there at least officially. They maintained contact and people went in and out but not people from the embassy. The legal attaché did not go to Palermo anymore. I was one of the few people that ever went down there for representing the embassy. When I went down I used to see Falconi and Boralino.

Boralino was also murdered by the Mafia, in fact about a month after Falconi was murdered by a car bomb. Boralino was also blown up by a car bomb outside of his mother's house. That's the way that these guys lived. They accepted that this was going to be the condition. For years and years they went on like this. This was an unbelievably stressful life and they had to go rocketing through Palermo in these motorcades that were just absolutely hair-raising. If you ever rode anywhere with one of these guys you would pay money to be permitted to walk back.

I had just nothing but admiration for Falconi. He was the impetus behind getting Italy a law that permitted plea bargaining so that they could get Mafiosi to come in and give themselves up and testify against others. Because this was it, if you wanted to go after the big fish the only way to do it was to get other Mafiosi to testify against them. There was no way that someone with a jewelers shop in downtown Palermo who was paying protection money to someone, they never got anywhere near the big guys. Falconi went after the big guys. He ended up paying for it with his life. I had nothing but admiration for the guy.

Q: What about were we putting much pressure on the Italians to do something about particularly drugs and this sort of thing or were the Italians working on it on their own?

McGHEE: You're talking about pressure. We felt that cooperation was very good. The high profile thing was this so-called "peace and connection trial" which involved a number of prominent, in Italian they are called penitenti they are people who have turned states evidence in effect. A guy named Tomas Buccetta and a couple of smaller fry were needed for testimony in a trial in the United States for people who had been bringing drugs into the United States.

The arrangement we made with the Italians was the people that had been in prison who were doing time in the United States or were being held as material witnesses in the United States could cooperate simultaneously with investigations and trials that were going on in Italy. There was an international agreement, a special agreement that had to be signed between Italy and the United States to make this happen. It was very complicated legally clearing this all up with the two legal systems because usually what happens is that you go on trial in one country and serve your sentence. At the end of your sentence country number two can then try and get hold of you.

We achieved really a rather extraordinary level of cooperation with the Italians on these guys using their testimony simultaneously or concurrently. At the same time that trials were going on in the States and they were testifying there, trials were going on in Italy in the so-called alabunker, fortified courtroom in Palermo, and they were testifying there. There was an extraordinary degree of cooperation. This was the case that got all the headlines but there were a number of other cases going on at the same time. It wasn't a question of applying pressure at all. It was in fact a very worthwhile and fruitful cooperation between the Justice Department and the Italian judiciary that continues to go on now I think, I hope.

Q: Did you feel any pressure on anything or did we pay much attention to the Italian-American community in the United States which is large? Many of our politicians have a hydra-head. Did that raise itself in any way that you became aware of during this time?

McGHEE: Certainly not in any negative sense. The Italian-American community in the United States is in fact as you said very large. Some elements of it are very active and they were in periodic contact with the embassy. We did quite a lot of things with them:

cultural programs, visits. I would also say that they are involved in quite a number of activities with the Italian embassy here in Washington and Italian consulates in the United States. Things would come up from time to time. They often do some lobbying, various Italian-American organizations, when the time comes around for a new ambassador to Italy or to the Vatican to be appointed. I would say that occasionally for some other things, like when the push was being made to get the Department of Agriculture to lift the ban on importing prosciutto into the United States.

Q: Because technically it is raw?

McGHEE: It is the whole question of trichinosis which exists here in the United States. There is no trichinosis in Italy but of course the fact remains that at the time and until very recently the way prosciutto was prepared was it is air and salt cured and it is not cooked. Of course, for anyone who has grown up in America one of the first things your mother tells you is that if that's pork, you've got to cook it until it's dead.

The Italian prosciutto industry thought that getting into the U.S. market was going to be a huge breakthrough for them and they would make lots and lots of money. It hasn't turned out that way. They did get in here. You can buy Italian prosciutto but frankly it is so expensive that very few people do and very few Americans can be convinced that it is safe to eat ham that hasn't been cooked even though it is great stuff. Very few people can afford to eat it every day.

Q: What was you impression of how Ambassador Rabb operated?

McGHEE: Ambassador Rabb didn't try to play the professional diplomat. He didn't want to be carrying out demarches every day. He saw his role as being first and foremost the embassy's public face. He played that very well. He had his set of contacts at the highest level which he was prepared to utilize when there was something appropriately important that was required.

He was always prepared to go in when there was really something important that needed to be done at the highest level but he wanted his staff to handle the day to day stuff. He stayed on top of it but he didn't get involved. His level of engagement was different. He wanted to be briefed on what was going on but then he wanted people to go about their business and get the work of the embassy done. He was prepared to move when there was something that really required top level attention but he expected the DCM to make the embassy function below that level. A perfectly nice man to work for.

Q: What about the utility as a political officer of the reporting and contacts in the consulates?

McGHEE: That had a tendency to go up and down. Some of them were much more important for economic reasons than for political reasons. We had a consulate in Torino which was 40 minutes down the road from Genoa solely because the Agnelli family liked to have a consulate there.

Q: I remember when I was there when they were trying to shut it down and Agnelli would come and talk to his friends which were extraordinary in the United States, this was the Fiat family.

McGHEE: Torino is an important place but in the circumstances, there probably wasn't enough work to justify having three consulates, Torino, Genoa and Milano each within an hour's drive of the other. Now of course what you have left aside from Rome is Milano, Florence and Naples, and that's it. Palermo has been closed. I'm not so sure it's such a good idea to close Palermo but it is gone now and it will never come back. The State Department has tried to close Florence a number of times but the Senate won't let them close Florence. I think Florence ought to be kept for sentimental reasons.

The only thing that I would add here is apart from politics, local politics at election time become important. The importance of reporting from the consulates tends to go up and down. I think it is that way with all consulates. Milan is a huge financial and industrial center and Milan is much more important for economic and commercial work than it is for anything political.

Apart from anything else, in a country like Italy, these places do consular work and the United States ought to bear in mind that consular work is important to citizens when they are traveling abroad. We get a couple million tourists a year at least in Italy. There is some value to having someone on the scene in these key tourist stops which are Rome Florence and Venice. We still own a building in Venice but it was given away by Graham Martin to his alma matter, Wake Forest University. I don't know what our rights are with regards to that building anymore but I would think that since so many Americans visit Venice every year, so many things happen to them, that should be taken into account.

Q: Were the Red Brigades and that type of terrorist group in Italy a problem while you were there?

McGHEE: As we discussed earlier, the first time I served in Italy from '76 to '78 was really at the height of the Red Brigades. I was there during the Moro kidnapping. In that period in the '80s when I was there the Red Brigades activity was rapidly coming to a close. Part of what brought them down was the Dozier kidnapping.

General Dozier was commander, chief of staff I guess, at Land South which is the ground component of the NATO southern command. It's located in Verona. I think General Dozier had an apartment not in Verona but just down the road in Vicenza or outside of Vicenza. He was a one star general who was kidnapped from his apartment by the Red Brigades and subsequently tracked down. The Italian police discovered where they were holding him. They ran a commando operation, broke down the door and freed him.

In the process they really broke the back of the Red Brigades. They found evidence and papers during the arrests they made on the spot when they freed Dozier and during the ones that followed from the evidence that they had developed out of the Dozier case, that

really put the Red Brigades on the road to the end. But there were still Red Brigades people around.

While I was in Rome, and I believe it was in 1984, a U.S. diplomat in Rome named Ray Hunt was killed. He was the secretary general of the multi-national peace force in the Sinai that was policing the treaty between Egypt and Israel in the Sinai. It had its administrative headquarters in Rome. Hunt was an FSO and had been DCM in Lebanon at one point I think. As the chief administrator he was located in Rome. He went out to the Sinai once in a while but he mainly worked in Rome. A commando that consisted of some Red Brigades and a number of Palestinians ambushed him in the driveway of his home in Rome and murdered him. The Red Brigades were involved in this as I said. A number of them participated in the murder and they provided some of the logistical support for the Palestinians that came in.

It underlined the fact that they were on the wane because they clearly had not understood who Hunt was and what his function was. His title was secretary general of the MFO. He was an FSO as I told you but in their communiqués they consistently referred to him as General Hunt. They had the idea in their heads that he was military. This was not typical of the Red Brigades. Usually their intelligence was better. They were well financed and they had time to set up these attacks that they carried out with some care to make sure that they didn't get caught. But this was much more sloppy than their usual thing and it just underlined the fact that the leadership was fading fast. In fact this was one of the last attacks that they carried out. There was a journalist named Tantarella that was murdered a few months later and then they really began to unravel.

There was still terrorism in Rome. There was a mortar attack on the embassy during that time but it was carried out by people from the Middle East not by the Red Brigades. They were really out by that time.

Q: Were you there during the bombing of Libya by American forces?

McGHEE: Yes.

Q: Could you explain why this took place and what the Italian reaction was?

McGHEE: Actually this was a rather sensitive. It took place because in 1983 or perhaps early '84 there was a bomb that was set in a nightclub called the LaBelle Disco in Berlin in which an American serviceman and a Turkish woman who worked at this club were killed, and a number of people were injured. It was a known hang-out for U.S. military personnel from the Berlin brigade. We had intercepts that clearly indicated that Libya was involved. They had brought some Palestinians or radical Arabs into East Berlin, provided them with the bomb making equipment and had got them into West Berlin to carry out this attack. There was no doubt about this. We had accused the Libyans of this and it was supposedly a retaliation for this whole line of death thing with Qadhafi. I don't know if you remember that or not.

Q: The Gulf of Sidra and we shot down some planes.

McGHEE: We shot down a couple of Libyan planes. There were exchanges of threats between us and the Libyans. We said that we had proof. The Libyans said, "No, no. It's impossible." Of course in great secrecy the decision was made to bomb Libya. The planes took off; some of them from carriers in the Med, some from Great Britain. There were some secret contacts made with the French to get permission for the ones from Great Britain to over-fly France. I think they were F-111s. The French refused permission and so these planes had to actually fly down over the Atlantic and through the Straits of Gibraltar to get to Libya. There was mid-air refueling.

The Italians were not involved in this at all because when the French refused to open up their air space there was no need to go through Italian air space. Italy was not forewarned at all that this was going to take place. The bombing took place and there were a number of sites in downtown Tripoli and in Benghazi that were hit. There was collateral damage: in Tripoli the Polish embassy was blown up as I recall, and the French embassy was damaged. Where Italy came in was that Qadhafi retaliated immediately by launching two Scud missiles at Italian territory. He was supposedly aiming at a Loron station. Do you know what a Loron station is?

Q: It's a long-range navigational station.

McGHEE: It's supposed to help ships navigate. We have them all over the place.

Q: It's basically a Coast Guard activity.

McGHEE: They are run by the Coast Guard but they are these big places full of electronic equipment. There was one on this island of Pantelleria which is sort of mid-way between Sicily and Libya out there in the middle of the Med.

Q: It played a minor role in World War II. Pantelleria and Famagusta, there were two islands.

McGHEE: We had a Loron station out there with a couple of Coast Guard officers on it and Qadhafi tried to hit it with a couple of Scud missiles. It was an extreme range for the Scuds and they hit the water about a hundred yards offshore. The Italians hadn't been forewarned that any of this was going to take place and suddenly there is Qadhafi shooting missiles at them. There was a good deal of flapping over this.

Q: What was the Italian reaction, both public and governmental?

McGHEE: Publicly it was mildly supported in that the Italians reiterated their condemnation of terrorism and felt that we had done this on the basis of good information. Privately of course this was not the kind of thing that they liked to see. Privately their reaction was you do this and now Qadhafi is shooting missiles at us. What is going to happen next? If he strikes out at someone it is likely to happen on our territory

and not on your territory. I would say that their reaction was one of concern but there was some recognition that the reasons behind this were not trivial.

Q: When you left Italy in '87 what was sort of your picture of whither Italian politics, and whither Italy as it involved American concerns?

McGHEE: The big question with Italian politics as it had been, was always what do you do about the PCI? How do you get around the fact that the main opposition is a party that we view as being, if not Moscow controlled, at least way too close to Moscow and a real security problem from our point of view? The answer to that had not been arrived at yet and in the meantime there really was no alternative to the DC.

It was clear that the DC was floundering but on the other hand they had bounced back a bit from their previous low in '84 to the vote in '87. They actually climbed up a couple of percentage points. What it amounted to was, well we are OK for a while and we will see what happens next. I think that part of this really concerned the PCI. There was a very strong feeling within the embassy that the PCI had peaked and that it was never going to get above 30 percent again. Where were all those votes were going to go? I would have to say that many of us hoped that they would end up going to Craxi and the socialists. In the end Craxi and the socialists disappeared completely when their own level of corruption, especially locally in Milan was revealed.

Q: Craxi in fact ended up, didn't he, in Tunisia or something? Did we see Craxi and his party as having feet of clay at that point?

McGHEE: Feet of clay, that is one way to put it. The problem with the socialists was that they had a couple of impressive leaders at the top: Craxi, his right-hand Claudio Martelli, Giuliano Amato who was himself later prime minister. Behind them the organization was clearly seen and understood by us to be not up to the task of providing national leadership. There were lots of crooks and just lots of people who had no interest in taking on the long-term and very difficult work of building a real political organization. The PSI in too many places was just content to hand out a few government jobs, pinch off what votes it could that way, and not really organize and fight the PCI district after district after district to take those votes away from the communists.

That's where their votes would have had to come from was from the communists. There was the sense that the communists were on their way downhill; that younger Italians no longer saw the PCI as their model, as the source of political inspiration or what have you. There was no real sense of where these people were going to go. I'll tell you something else that out on the far right the MSI which was the neo-fascist party, were still pariahs when I left in 1987. I would have laughed at the notion that they could have become a legitimate mainstream type party within a decade which they seemed to have managed to do.

Q: Why don't we leave it at this point this time and pick it up next time, you were there? In '87 whither?

McGHEE: Panama.

Q: You were in Panama from ‘87 to?

McGHEE: ‘89.

Q: We’ll pick it up then.

Today is the first of October 1997. We’re in Panama from ‘87 to ‘89. Any particular reason for going to Panama?

McGHEE: I have a handicapped child and Panama was especially inviting because it had Department of Defense schools. The Department of Defense is required to provide facilities for their students that are on a par with what they can get here in the States. We had a guarantee going to Panama that the schooling that we needed would be available. It was at that time very difficult in some cases to get posts to respond when you were in the bidding process to tell you what was available locally. This was turned over to the CLOs, Community Liaison Officer, Family Liaison Officer. Some of them were incredibly responsive and very helpful and others were not responsive at all when you were looking for places. Of course you didn’t want to get out to a post and then find out that there was nothing there.

Panama just happened to be for me a good match because at the time people were being told that they needed to diversify and to get into another geographic bureau. For me this represented a different geographic bureau and it represented a place where I could be certain of finding the educational resources that we needed. I’d like to say that I was fascinated by some aspect of Panamanian life and culture but in fact I was pretty much willing to go anywhere where I was certain that I would find the schooling we needed.

Q: I think this demonstrates for many of us that the family does come first. Many of our careers are predicated, particularly at certain points, by family considerations.

McGHEE: I would say that is very true. It’s a timing issue in many ways. Given the age etc., there was just no question of going to a boarding school at this point so we needed to be someplace where these facilities would be available. They were available at the DOD school in Panama which we were very happy with.

Q: When you arrived there in ‘87, this was some years after the Panama Canal Treaty had been both signed and ratified, what was the situation? In the first place, what were you doing and then what was the situation as you saw it when you arrived?

McGHEE: The situation was actually graphically illustrated when I arrived because just at the time that I was arriving, there was a large demonstration that was sponsored by, I

wouldn't say so much by the Panamanian government as by the Panamanian defense forces. Several cars were burned in the embassy parking lot and the embassy building which was kind of a white-washed white affair was attacked with water balloons filled with red paint. We had this red streaked building and all these smoldering remains of vehicles out in the parking lot. Really this demonstration had been organized by the Panamanian armed forces and their political supporters in response to the fact that the embassy had spoken in support of this democracy movement that had begun in Panama at that time.

People were marching in the streets and were wearing white to these demonstrations to show that you were a supporter of the opposition. The opposition was really demonstrating for a greater degree of civilian control. It wasn't so much that elections in Panama were grossly dishonest although they were obviously manipulated up to a point especially if the result was going to be one that the defense forces didn't like. It was clear to everyone in Panama that up to that time the defense forces controlled the civilian government rather than the civilian government controlling the defense forces. There was a President and a Cabinet and all of those things but they were largely figureheads controlled by the FDP, the Forces de Defense de la Panama, the defense forces. At that time the commander in chief of the defense forces was General Manual Noriega.

Q: What was your job?

McGHEE: I was deputy political counselor.

Q: Who was the ambassador at the time?

McGHEE: The ambassador was Arthur Davis. He had previously been ambassador to Paraguay and Panama was his second ambassadorial assignment. He was a political appointee. He was from Denver Colorado where I believe he had been a very successful real estate developer: housing developments, malls, shopping centers and things like that.

Q: Did you arrive there before the attack on the embassy?

McGHEE: Just about simultaneous with it. I think it was a day or two after we arrived. I wasn't actually there to see it. I was doing something in my apartment. We could look across from where we were and see it. We were in an apartment in a place called Punta Payteya. Panama City is located on this kind of crescent shaped inlet in the Gulf of Panama and you could actually look across the inlet to the embassy which I guess was a mile-and-a-half or two miles away. You could see directly across to it and we could see all the activity going on over there and the smoke from the cars, etc., etc. When I went in the next day everything was covered with red paint.

Q: As the new boy on the block more or less when you arrived, what were you getting both prior to your going off from the desk in Washington and as soon as you arrived, what were American interests there?

McGHEE: That was very confused to say the least. The administration hadn't entirely decided what our interests were. The Department of State saw the democracy opposition movement in Panama as part of the process that was going on in many other places in South America. This was right at the time when many Latin American countries were moving from military to civilian regimes. There had been recent elections in Argentina and Uruguay. Really the democracy movement was in full swing in Latin America. In the State Department at least, what was happening in Panama was considered to be part of that process. I would say there was less enthusiasm for it in other quarters.

In Panama you had the anomalous or unique situation of there being not merely the embassy but also the headquarters of the Southern Command at Fort Heights and the Panama Canal Commission and lots going on in terms of U.S. interests. In a very small country, little over 2.2 or 2.5 million people, there was an immense U.S. presence including retired Canal employees. The Canal Zone itself didn't exist anymore when I got there. It had been abolished by the Panama Canal Treaties. There were still a number of Americans that worked for the Canal Commission, not the way it had been in previous times but still I would say that the work force at the Canal at the time I got there was about 85 percent Panamanian and 15 percent American. The Panamanian portion was growing.

There was a heavy tempo of operations out of the U.S. bases there of both supporting a variety of anti-narcotics and training missions further south in Latin America. Also there was a certain amount of activity involving DEA, the Drug Enforcement Agency, and quite frankly there was some Contra business being done there by the Agency. The Southern Command had about six or seven thousand personnel stationed in Panama plus three times that number of dependents, many of them living off base. I would say there were about 7,000 living off base. They had personnel scattered all over South America and the last thing that the Southern Command needed was to have its base of operations wracked by civil disorder. I would say that their view of the democracy movement in Panama was ambivalent at best. The Agency had a very close relationship with General Noriega who prior to becoming a commander of the defense forces had for 12 years been the chief of intelligence for the Panama defense forces. That meant he had worked closely with them on any number of things.

The Canal Commission had its own business to do. They were supposed to be involved in the process of deconstructing the U.S. presence. The Panama Canal Treaties covered a progressive Panamization of the Canal that was to take place over 20 years. In fact it will end at the end of next year. I think it is noon on December 31st 1999 that the final hand over takes place. At the time that I arrived in 1987 the Canal Commission was half Panamanian and half American with an American chairman. In 1989 it was to change. It would stay half Panamanian and half American but it would have a Panamanian chairman so that the majority of it now would be Panamanian.

With all of these things taking place, of all these elements of the American presence in Panama the embassy was the least important element in the eyes of the Panamanians and I would say also in the eyes of the Americans. When this democracy movement popped

up suddenly the embassy was vaulted into the forefront; no longer just a place to take care of VIP visitors, etc., etc., but suddenly an important political movement that was a brand new factor.

Q: What about in this highly charged political situation with a sort of unclear mandate for the embassy and all with the American military wanting one thing and others wanting another thing, but we had our marching order. Can you talk about the ambassador and his role because it would seem this would be a place where you would want to have a rather strong person, either professional or somebody who comes from outside but comes with a lot of clout?

McGHEE: I would say that Ambassador Davis was not without clout but more to the point he was certainly in full accord with what the Department wanted to do. The assistant secretary was Elliot Abrams and he saw promoting fair representative democracy in Panama as being a priority goal for us. To that extent there was no problem. Ambassador Davis was fully in accord with that and he was quite supportive of the democracy movement, as was his daughter.

He was a widower but his daughter resided in Panama with him. Her name was Susan Davis. She was divorced and used her maiden name. She was quite active, in fact in my view almost too active given that they were diplomats in a foreign country and not members of the Panamanian voting public. The ambassador also met frequently with the members of the opposition. He would have them over to his home sometimes in quite large groups. He was very encouraging to the opposition and didn't hesitate to express support of the U.S. government for the opposition movement.

I would say that the Southern Command was also not fundamentally opposed to seeing more democracy in Panama as long as it didn't interfere with their operations. I would say from my own point of view that our biggest problem was with the Agency.

Q: When you say the Agency we are talking about the CIA.

McGHEE: I am talking about the CIA, the Central Intelligence Agency. I think they were the least enthusiastic about all of this. They had, I believe, felt that they needed unimpeded and no-questions-asked type of access to facilities in Panama to further what they were doing in places like Nicaragua in particular, but also Salvador. They viewed Noriega as a valuable resource. I guess it is a matter of opinion and I am not the best qualified person to give that opinion, but I think they valued what he brought them on questions like Cuba in particular. Noriega had quite good relations with his counterparts in Cuba as well as in the United States with us. He would bring information in and pass it along from time to time so this was valued too.

I think that there was some real question within the Agency as to whether we wanted someone other than Noriega to be in charge in Panama. I think they considered him to be dependable and ultimately supportive of the goals that we were trying to achieve in Central America as a whole. I think that is a dubious proposition but nevertheless this

was the situation and there was a lot of pushing and shoving within the U.S. to see who would control this policy.

There was an effort made at one point to get the Agency to try to talk Noriega into going off quietly, resigning. He had plenty of money stashed away in Europe and the deal was to be that we would let him go his own way and wouldn't bother him, that he would just pack up and go. The embassy was kept in the dark about a lot of what was happening but I saw no evidence that this message was ever effectively delivered. Of course then events evolved in such a way that it became too late for any such message to have any effect.

Q: You arrived and then there is this demonstration at the embassy, it shows that relations were no longer close and friendly with the powers that be.

McGHEE: Demonstrating against Noriega had already been going on for a couple of months by the time that I got there. This was just another incident. In effect we hit the Panamanian government very hard over this noting that it was their responsibility for security for the embassy etc., etc. In fact the Panamanians paid to have the building repainted and they paid some amount for the damage that was done by the demonstrators, in effect acknowledging that it was their responsibility.

Q: Did you feel when you got there from your fellows at the embassy and all that Noriega was the problem and that Noriega in a way had to go? Was that sort of the feeling Embassy wise?

McGHEE: That was the Embassy feeling. Noriega was at the heart of the matter. He was sitting at the top of a institution that had really sort of been put together on an ad hoc basis beginning in 1968-69 when the last elected President of Panama, Arnulfo Arias, was thrown out by a military coup a few days after he was elected. Arias was one of these figures that pops up over and over again. It happens in other Latin American countries too: Juan Peron went away and came back, Balaguer in the Dominican Republic.

Arnulfo Arias was elected President for the first time in the '40s and was in effect forced out by us because he was at that time very right-wing. He was Peronist and hence was viewed as being pro-Nazi during the War. We weren't about to have any of that so he was elected and bounced out. Then he was reelected again in the '50s; I don't know exactly when it was, '54 or '55 I think possibly '56. He ran the country for two years but again he fell foul of the armed forces and there was a coup. At that point it wasn't an armed forces it was really a national police force. They called themselves the National Guard back then, Guarde de National.

In '56 or '58 he was besieged in the presidential palace during this coup and a delegation from the defense forces led by a lieutenant colonel went in to try to negotiate a surrender. No one knows quite what happened but it appears that Arias' wife shot this guy to death while he was under a flag of truce and of course when the defense forces finally got hold of him he was banned from the country for life. But as these things go, that was really only for six or seven years.

He was back again running for President in ‘67 or ‘68 but by this time the defense forces were dead set against having him back. He was viewed as anathema. He made a deal before the election campaign that if he were elected he would not tamper with the national guard. He would let them go their own way and would be commander in chief but would not make any sudden moves. Well as soon as he was elected he went back on that agreement and he appointed his own man to be head of the national guard. Within a couple of days there was a coup and Arias ended up fleeing to a hotel inside the Canal Zone from which he made press statements for a few days. Eventually he flew off to the States.

At that point there was a junta with the key members being a couple of colonels: Boris Martinez and Torrijos. Within a year Martinez and Torrijos had a falling out. Torrijos was on a trip to Mexico and Martinez took over the government and declared that Torrijos was banned and exiled for life. Normally that would have been that but Torrijos wouldn’t take it sitting down. He came back from Mexico and flew into David which is in the west.

It just so happens that at the time the province commander was a lieutenant colonel named Manuel Noriega. He could easily have arrested Torrijos and been a hero with Martinez but instead he decided to back Torrijos and gave him vehicles and troops. They drove down the coast highway to Panama City and it ended up that it was Martinez that went into exile and Torrijos took over. That vaulted Noriega within a couple of years into the position that he wanted which was chief of intelligence. He sat there as chief of intelligence for 12 years collecting information on everyone and everything and cementing his ties with the U.S., the Central Intelligence Agency and with the Cubans, Sandinistas and with just about everyone you can name.

Q: Had this democracy movement which you say started about six months before you arrived...

McGHEE: It wasn’t quite six months it was more like two or three months.

Q: Was that internally generated or was that coming from exile groups in the United States or elsewhere? Did it have support beyond its borders?

McGHEE: Some of the early leaders felt themselves to be under threat from Noriega and it’s not uncommon for the upper-classes, for the economic elite in Panama, to keep some of their wealth outside of the country as a kind of fall-back position. A number of these people had moved to the States and were working in Washington or in Miami against Noriega. Fundamentally this was an internal movement. It was middle-class and upper-class economically by and large.

There was no important outside help other than the fact that given the importance of the United States presence in Panama and the important role that the United States played in Panamanian history, these people were sophisticated enough to understand that this was

not going to go anywhere unless it was supported or at least accepted by America. One thing that they got early on from both the State Department and the embassy was the promise that as part of our general support for democratization throughout Latin America, that we also supported this kind of a development in Panama.

Yes, in that sense there was a role for outsiders but in terms of organization and financing, there wasn't much financing, and the organization was pretty loose too. There were a number of "opposition" parties in the Panamanian assembly and they of course supported the democracy movement. But that was also where the key backing, the key organizational push for all this came from, it was through these opposition parties. Arnulfo Arias had by this time returned to Panama. He was ancient and in fact he died in I guess the beginning of '89. At one point there had been some thought of running him for President yet again. His was the largest of the opposition parties. There was also a Christian Democratic party that received some encouragement from the Christian Democratic International. This was headed by confusingly another Arias; many Panamanians are named Arias.

I forgot but as part of the Canal Treaty one of the things that we insisted on when the Canal Treaty was written was that the Panamanian national guard establish a real military element. In other words up until that time it had simply been a national police force. We insisted that if Panama were going to take over the Canal it also had to take over responsibility for security of the Canal given that this was in the time of terrorism etc., etc. Beginning in '79 the national guard changed its name to the Forces de Defensa de Panama, FDP, and it established a number of real military units: three infantry battalions, a squadron of armored cars, commando units, some helicopter units, etc., etc. Enough capable of providing a military security presence for the Canal when eventually the Canal became fully in Panamanian hands because the Canal treaties also provided for the closure of all of the U.S. bases in Panama.

At that time we still had three major facilities: Fort Clagman which was the army; Rodman Naval Base which was the navy's facility at the Pacific side of the Panama Canal; and Howard Air Force Base which was just outside Panama City on the other side of the Canal. Plus on the Atlantic side, the Caribbean side, we had a number of smaller facilities including still the jungle school. We were still all over the place.

Q: What was your job? You say you were number two in the political section, what was your job? What were you doing?

McGHEE: For a country of its size, the political section was quite large. We had a labor officer whose job was to really follow labor issues involving Panamanian unions that worked in the former Canal Zone. We had a pol-mil section with two officers, then we had your classic political section doing internal and external. I was in charge of the internal and external although with the upheavals that occurred in the months after I arrived at post, my role changed somewhat because the United States undertook an effort to negotiate Noriega's departure from Panama.

Unfortunately at about that same time a couple of prosecutors in Florida indicted Noriega for drug trafficking. It rather undermined Washington's contention that we were prepared to offer Noriega a safe retirement somewhere abroad. Noriega was no fool. He realized that his safest place was right where he was right now running Panama. Nevertheless the State Department continued to pursue this negotiation effort and pursued it through a special envoy, a guy named Mike Kozak who was selected to do this essentially because he had worked on the Canal treaties and then therefore was held to have known Panama.

In fact all of the folks that were running the Panama business had stayed on. For instance Dick Wyrough the country director for Panama in ARA was a retired military officer who had spent the last 10-12 years of his career working on Panama. The idea was that all of these folks knew Panama well. They knew the bases. They had been on and off the bases. How much any of these guys knew was debatable. Wyrough didn't speak of word of Spanish and in spite of all the time he had worked on Panama he never lived in Panama. I don't think he had seen much of it except what he saw out of car windows or something like that.

Be that as it may, these guys thought they could talk Noriega down out of a tree and that is what they were doing for the first six months or so that I was there. The embassy was not involved. In fact one of Noriega's conditions for all of this was that the embassy could have no role in this whatsoever. He viewed the embassy as being part of the opposition at this point. Kozak sat up in Washington and would fly in and out of Howard and have these talks with Noriega's people. Never with Noriega himself and I want to underline that. Noriega never personally took any role in any of these and Kozak never even saw Noriega for more than a minute or two: introduced, shake hands, "how are you doing?", that kind of thing. It was all through intermediaries on Noriega's part as well.

Kozak would fly down to Howard, go off and negotiate with the Panamanians, fly back to Washington and we would hear about it because someone on the Panamanian side would call up and say "hey, you know Kozak was here". We never got any readout from any of this other than sort of generic word from Washington: "Oh it is going better. Oh we didn't make much progress." But no details. Noriega's people, I don't mean the military now because the senior military officers were absolutely excluded from having any contact with the embassy, but the PRD, his political party was in touch with us and would pass on these very colorful accounts of what supposedly went on in Kozak's negotiations. We had no idea as to whether it was true or not.

Q: What was Kozak's background?

McGHEE: Kozak was from L, Legal, and had been the legal advisor to the Canal negotiations although after this series of events he was taken on in ARA as a deputy assistant secretary and stayed in ARA. In fact I believe now he is head of our office in Havana. He came into the Foreign Service after all.

The upshot of all of this was that Noriega was not behaving as if he had any intention of leaving. In fact he was rearranging the senior positions in the general staff of the defense

forces, he had taken steps to fortify several of his houses around the country, and he was making increasingly political speeches. In the past, up to that point, he had been the antithesis of Torrijos. Torrijos had been a TV-every-night media star. Noriega preferred to let the civilians pretend they were running the country. As this went on he more and more began to take the lead. He was showing no signs of having any intention of going anywhere.

He had a daughter who was married to a senior military officer in the Dominican Republic and in January during the holidays just after New Year's in 1988, he had gone off to visit her for a weekend. Reports of him flying out of the country had circulated in Panama City and there was a huge street demonstration celebrating his flight. When he heard that this was going on he flew back in to the middle of it and had the demonstrators cleared off the streets in about an hour's time.

In any event this back and forth sort of secret negotiations with Kozak was carrying on and was supposedly making process. It was very difficult from our point of view to see where this progress was or to understand what Noriega could have in his mind given that he was under indictment and was liable to be arrested. It just didn't make any sense.

At a certain point in about February or March of '88 Kozak announced that he had a deal. We were told by Washington that Noriega was going to resign on this particular morning. He was going to make a public announcement and then he was going to fly off to Spain and that was going to be that. In fact it just so happened that this was the same morning that Ronald Reagan was scheduled to go off to Moscow for an important summit with Gorbachev. Plans were made for Reagan to respond to this announcement of Noriega's resignation at Andrews before he got on the plane and flew off to Moscow.

The day came, everybody waited and waited. There was no announcement, no announcement. No one at the radio station had any indication that there was going to be an announcement. No one at the commandancea, the FDP headquarters had seen Noriega and they weren't set up for any kind of announcement. He just was laughing. Plus during all this morning the President's departure for Moscow was delayed for a half hour, for 45 minutes, for an hour, for two hours and they were sitting and waiting and waiting. Noriega never did a thing. No one could track him down. He wouldn't answer any phone calls and that was the end of that.

You were getting to my role. The titular President, Artulo del Vaya, had been installed by Noriega after Noriega had gotten mad at del Vaya's predecessor Barletta. Slightly after the so-called announcement was to have taken place, del Vaya tried, at the urging of the ambassador, to fire Noriega. This didn't work out. Noriega fired del Vaya instead and del Vaya went into hiding.

At that point Elliot Abrams announced that we were cutting off all contact. That the government of Panama was now illegitimate, the people running Panama, and that we would have no contact with them. Not only that but U.S. citizens were forbidden from doing any business with them. We would not speak to them on any issue. That lasted

about three or four days because when nothing happened, Washington started asking what's the government saying about this and about that. The embassy was replying that we weren't supposed to have any contact with them. "But we didn't mean you weren't supposed to have any contact." What was established was that I became the guy that was supposed to have contact with them while pretending that we weren't. This meant that I could not call these people at their offices or go to their offices and so I became a denizen of various warehouses and strange restaurants and boleos.

Q: Boleos being like bars or something?

McGHEE: A boleo is actually a kind of a structure. It is a structure with a roof but with no walls which is a very popular kind of thing. You needed a roof because the rainy season is eight months long in Panama but you don't particularly want walls because it is very hot. Lots of things are set up this way. There are bars and little ad hoc restaurants around that are in boleos.

They will tell you that there is a boleo at the corner of such and such, so I used to meet people at their local boleo or I would go to the McDonald's in Punta Payteya and somebody's driver would come by and pick me up and take me to somewhere. It was a lot of unnecessary logistics but anyway that became my role which was to be the contact with Noriega's people.

Q: What was your impression at this point of the people around Noriega that you were meeting as far as whither Panama and sort of what was happening and their view of the United States?

McGHEE: The sort of common place idea in the news media here was that the Panamanians were ferociously anti-American but that wasn't the case at all. Most Panamanians really appreciated the fact that the link with the U.S., while it had some major drawbacks, was largely responsible for a stable economy, relatively low unemployment, and for a host of benefits that Panama had that it might not otherwise have had. They just wanted a little respect. They wanted to end the situation where we felt that we could do anything we pleased because we set things up that way back in 1903. I found very few Panamanians that were truly anti-American. Most of them just wanted a little more breathing room.

In fact many Panamanians didn't want to see all the bases closed. They would like to see the presence shrunk and maybe some of them closed but they also viewed the U.S. military presence as a kind of stabilizing factor, as a insurance against gross misgovernment and not to mention an important source of employment for the economy. At the same time, as I say, they wanted to be able to run their own affairs for themselves for the extent that they wanted to.

What you often got from Noriega's people was that they just were convinced that there just must be some other way out of this. There had to be some sort of a win-win solution to this in which Noriega would be able to save face or to step to the side somehow out of

the limelight but stay on. The United States would get some sort of a reform process in return that would allow there to be democracy but not too much democracy. Except in a very few people who were not by the way the people who were most anxious to talk to me, there was little acceptance of the idea that there was a fight to the finish going on here and either Noriega was going to leave or we were. We weren't about to leave ergo the 800 pound gorilla theory.

Q: Were the people that you were talking to with the Noriega government, did Noriega have loyalty beyond that accorded to somebody who's got power?

McGHEE: And the ability to put you in a position to make money: power and jobs. No, I don't think that Noriega was beloved by the general civilian population especially compared to Torrijos but the defense forces were extremely loyal to him. As a commander of the defense forces he was much more concerned about the health and well being of the rank and file than Torrijos ever was. Torrijos's reputation with the men he commanded was of someone who didn't care about them at all. He was a big partier and he was well known for taking the plane or helicopter and flying off to someplace at a whim then leaving his crew and bodyguards and drivers to shift for themselves in the rain while he went off and had a good time.

That would never happen with Noriega. With Noriega everybody got fed. Everybody got a roof over their heads and got a chance to sleep. He improved health care, pensions, and retirees always had a job. Torrijos couldn't be bothered with any of this but Noriega was very assiduous. If they gave him loyalty he was most loyal to them. He was popular with the troops, there is no question about that.

Q: Was there sort of the feeling from the time from the embassy's perspective that Noriega and the defense forces were sort of enjoying thumbing their noses at the Americans?

McGHEE: Yes. I think they enjoyed it immensely. I don't know if you remember the speech with the machete? Bang, bang, bang. He would tour the country from time to time and he was famous for making these speeches in which he would threaten the United States and draw a line in the sand and at one of these speeches that *CNN* was allowed in to film, he pulled out a machete and was threatening George Bush and banging the machete.

In fact he even threatened me personally in that speech because as time went on and I became the one that everyone knew, all his folks were talking to, I started to get a lot of pressure in various ways, just annoying little ways. I had to leave my phone off the hook. I don't know how they set it up but they had people calling my house around the clock. The embassy had to give me a radio and I would radio ahead when I wanted to make a phone call. If somebody had an incoming call for me they would radio me and say put you phone on the hook. It wasn't a very good system.

He jimmied up a huge campaign against Ambassador Davis and his daughter and against

John Maisto the DCM. At the airport when you came out of the arrivals area and started to drive out of the airport there was a giant billboard with pictures of Ambassador Davis, his daughter and John Maisto on it and it said persona non grata. Then it had American imperialist on it. There was another copy of that same billboard that was put up in a vacant lot directly across the street from the embassy. They did all of this with a sense of humor.

At sundown every day they would stop all the traffic on this main boulevard that ran along the Gulf of Panama in downtown Panama City right in front of the embassy. They would post some policemen out there in front and they would stop all the traffic and make everyone get out of their cars and stand at attention. They would play the national anthem while the flag was lowered on this little flagpole over in Balboa Park which was just down the street. Everybody would salute and stand there with these huge speakers blaring right at the embassy. Panama is an example of one of these the smaller the country, the longer the national anthem. It was something like five-and-a-half minutes long. You would have this thing going every day at the same time. They were good at little things like that.

Q: What about the opposition, did you have much to do with the opposition? How would you characterize it?

McGHEE: I knew them all. They were nice people and they were committed to what they were doing but they weren't prepared to go all they way to turn it into an all out fight against Noriega. Really in the end I think the opposition was counting on us to come to their rescue. They were prepared to demonstrate and to run an anti-Noriega election campaign in '89 which they did and did successfully, but they weren't going to take to the streets. The core of the opposition was the middle-class and the upper-middle-class and some wealthier people and they just weren't willing to put it all at risk to do this. They would go so far and no further which doesn't mean that they were without guts or anything like that.

Some frightening things occurred. There was a famous picture on the cover of *Time* magazine with Billy Ford covered with his bodyguards blood being beaten by policemen. Things got harrier too because Noriega at one point established a special force which were, lets say some rather rough elements that were organized into paramilitary units. They weren't armed most of the time but they were not nice people. There used to always be a handful of them across the street from my house hooting and yelling any time I came and went. As I said, they were a pretty rough group.

Q: You were having these non-formal contacts with the Noriega government; they were giving you a very difficult time. At the same time I assume that these weren't clandestine getting together with people?

McGHEE: Some of these people were very uncertain about where they stood. Two of my contacts, Mario Ronnoni and Issac Conono at various times held ministries in the government. They were very much pro-Noriega and they were PRD, but at the same time

they were in a quandary. They were very friendly towards the United States. Ronnoni was a graduate of Georgia Tech and certainly didn't want to end up being banned from the United States for life. There is no question that these contacts with us were authorized on some level but these guys were not in the military. There was certainly a hard-line within the PRD that was opposed to any kind of contact with the embassy. I think they felt themselves to be on shaky ground. They were never certain when they might find themselves under attack for seeing me.

When they saw my name in the newspapers they got nervous. There was an incident in mid-1988 when there was an Argentine military officer named Colonel Senildeed who had been sort of quietly removed from Argentina at the time that the military government fell. He was sent to Panama to be an instructor at the FDP military school. Senildeed one fine day pops up in northwestern Argentina attempting to organize a military revolt against the government. The question was asked how did he get there and how on earth could this have happened? The FDP, the Panamanian military, flew him down to Uruguay and helped him arrange to get a boat across the Plata to Argentina to organize this. The idea that Noriega had in the back of his mind was that the junta in Buenos Aires would be more supportive of him, Noriega, and would help end his isolation.

There was no doubt of what happened. The revolt was a failure. Senildeed had a few people at the barracks that he occupied that revolted with him. The rest of the army stayed loyal to the government. He was arrested and that was the end of that.

I had gotten around to a number of my contacts to underline that this was serious business. They were getting themselves in deeper than they knew and were playing with fire if they were trying to encourage the overthrow of democratic regimes elsewhere in Latin America. One of the people that I talked to was a legislator named Louis Gomez. He apparently became concerned that someone might have overheard our conversation or seen us talking so he rushed down to the newspapers to denounce. There was a huge headline in the newspaper the next day: "McGhee is conspiring against Panama." It went on and on and said we're spreading lies. This kind of thing made other people that were talking to me extremely nervous. The same thing happens when Noriega makes a speech and mentions me by name. They begin scratching their heads and saying "Well are we really supposed to be doing this?"

For instance when I would have to go and see Ronnoni, his brother had a kind of a fly-by-night transport company out of a warehouse in the dock area of Panama City and it was near the embassy warehouse. What I would do was I would have a car take me down to the embassy warehouse then I would pop out the gate in the back wall and hustle down the alley and pop in the rear gate of the Ronnoni brothers warehouse, Carels Chilicanos. I would go up and see him in the office up in the back of the warehouse. That was just his way of trying to protect himself. Other times he would be more relaxed and I would see him at his house or I would see him someplace else. Usually they tried to do it at some place where they wouldn't be seen by passers-by, by people that might run off to the party or to the newspaper and say "I saw Ronnoni talking to an American." A lot of them were not quite sure enough of where they stood.

Q: What about the CIA, the station chief and others, did they have any contact with you or try to tell you to lay it off? Was it obvious that they were playing a different game or not?

McGHEE: The real problem was that no matter what the issue was if we said it was black, the CIA said it was white. They just opposed us right down the line and we just found that anything that we reported was immediately countered. It was sort of like anything that came out of Panama was a wash.

It culminated in the reporting on the election campaign of '89 when we said that the opposition was going to win 60 percent or above and the Agency said no, no they had independent polling that they had done which unfortunately we can't show you. They wouldn't show us the numbers. I think they were using polling that had been given to them by Noriega in effect. They said it was (or wasn't) going to be a wash, it would be 50 to 49.9 and Noriega would be able to manipulate the vote without anybody being able to notice. In fact when Noriega stopped the vote counting, the opposition had nearly 75 percent of the vote. In my view the upshot of this was that we virtually canceled each other out. The administration didn't really have a plan for what it wanted to do when Noriega in effect nullified the election.

Just to give you another example, there was a long controversy over whether we should be doing more or doing less in terms of trying to use unconventional methods to undermine Noriega, either with the public in general or within the armed forces. At one point the NSC approved giving a radio transmitter to the opposition so that they could broadcast anti-government messages. There was the technical side of this to be taken care of. Someone had to get a hold of the thing physically (it was in a couple of suitcases) and give it to someone in the opposition and show them how to work it. This was an NSC decision. This wasn't something that someone came up with.

The Agency said well we will give you the equipment but we won't be a party to delivering it. How the hell do they get away with that? This is something the President decided. Instead we had to get some poor putz FSO who had no idea how to work it. He had to get kind of half-ass instructions on how the thing ran, and then drive it out in his own car and give it to these people and show them how to run it. What kind of thing is this? I don't think the Agency covered themselves with glory in Panama.

Q: What about the American military, did they sort of stay out of this at that time or how did they feel about it?

McGHEE: They tried their best to just stay out of it altogether but the problem was that we were in effect trying to bully Noriega into leaving or to bully someone in the defense forces into getting rid of him. It was a close call. There was an attempted coup against him at one point. Why it failed when people knew what was still up in the air, I don't have any idea. Suffice it to say, we did nothing to help the coup plotters. This was in about March of '88 I believe, it was in the spring of '88 anyway. It failed and the people

that attempted the coup were rounded up and went off to some very hard prison for a year-and-a-half.

The attempt to bully Noriega and the Panamanians through sanctions and thinly veiled threats that we were prepared to go in and snatch him at some point, etc., etc., etc., all of the effect of this was nullified by the fact that we had 7,000 U.S. military spouses and children living within a two mile radius of the commandancia. There were hostages walking the streets. I think Noriega never really felt threatened through all of this.

Q: The normal thing if situations get tense, we do it all the time, is to say dependents go home.

McGHEE: In fact at the beginning of the 1989 election campaign the embassy attempted to get DOD and the State Department to do that. We drafted a cable that said we've been threatening this guy and pussy-footing around but effectively our only policy was to pray every night that he would step on the soap in the shower. What we said in this (it was originally drafted as a dissent channel cable) was that you are never going to make this man feel threatened as long as he can see, looking out his window, all these helpless Americans within his grasp. Before this election campaign gets too far along, we ought to clear everybody out; get this underbrush out of the way. That's the way to let Noriega know that we mean business and that we mean to force him to hold an honest election.

As I said it was drafted originally as a dissent message by myself, Michael Polt and Mark Sigler from the political section. We gave it to the ambassador in that form. Ambassador Davis says "This is right on the money I want to sign it too." We said "Mr. Ambassador if you sign it, it is not a dissent anymore." He said "Well I want to sign it." In effect it went out as a message from the post saying that we should get the dependents and the unnecessary personnel out of the way.

The Southern Command should stop tiptoeing around the FDP and should begin doing all the things that was permitted by treaty to do. They had stopped sending convoys back and forth between posts and doing a large number of things to steer clear of the FDP. We said that was wrong. They should be intimidating the FDP every chance they get. You have to not just talk tough, you have to get tough.

In fact the message also got an endorsement from Fred Verner who was the general and commander in chief at Southern Command: "I agree with this completely." If we are going to be serious about this we ought to be serious about getting our people out of harm's way. But it got no reaction at all out of Washington and nothing was done to evacuate unessential personnel and dependents until after the election fiasco.

Q: I remember there were policies if I recall freezing funds and stopping visas and things like that. Had that been done while you were there too?

McGHEE: Oh yes. That was all done while I was there. As I said we were also forbidden to have any transactions of any kind with the Panamanian government. This led to some

weird things like we were forbidden to pay our electric bills because the electric company was owned by the Panamanian government and the money went into official coffers. Time went by and we didn't pay and they began to threaten that they were going to turn everyone's electricity off. Most people lived in apartments but the apartments had individual meters. Washington said "Don't worry. We know what's going on down there and they wouldn't dare to turn your electricity off." It went back and forth and time went on. One Sunday morning pop, pop, pop, pop, pop, everybody's electricity went off. So for two weeks we sat there in the middle of brightly lit Panama City in the dark. Finally Washington caved and they hired some lawyer and paid the money to the lawyer. The lawyer went off and gave it to the electric company; some fictional route to pay the electric bill.

Another thing is that individual officers weren't allowed to renew their license plates. As people's tags on their cars went out of date, the embassy started renting them cars. Every single person in the mission had a rented car by the time I left Panama. I suspect that we were paying 50,000 to 100,000 a month to rent cars.

Q: As you were sitting around in the embassy and you were getting either one, a lack or two, direction that didn't make much sense, did you have any feel for who was calling or not calling the shots?

McGHEE: It wasn't a lack of direction. The direction was very clear that the Department wanted to aid the democracy movement in Panama. That was crystal clear but there was no consensus in the government as to how seriously we were prepared to do it. We were prepared to say all the right things but we weren't prepared to do anything that lived up the rhetoric. As a result of this, over time we backed ourselves into a position where the only thing left for us to do was to launch a military operation to take Noriega out which is what happened. It happened because we ourselves, principally through indecision, rendered all the other options useless.

Q: Did you have any feeling from where you sat as to what the problem was? Were there conflicting ideas? This is both the end of the Reagan and the beginning of the Bush administrations. There wasn't any hand at the helm or what?

McGHEE: No it wasn't that at all. I mentioned before that there was this effort to talk Noriega into leaving that culminated with the little fiasco at Andrews. At that point then, or soon after this, there was an attempted coup. After the attempted coup the administration effectively said no more. It was coming into the summer, it was May or June '88 and the elections were in November of '88. It wasn't said in so many words, but the point of the instructions that we got was clearly that this was to be in effect downplayed. There was to be no more activism on Panama prior to the election day. Panama was going on the back burner and nobody wanted to read about it in the papers.

Q: We are talking about our election in the U.S.

McGHEE: Yes, I'm talking about the U.S. presidential elections.

Q: This is Bush versus Dukakis.

McGHEE: In effect the embassy was instructed to tread water for the next four or five months which is what we did. We did nothing but run around and write reports and talk to people and wait for the rain to stop. After Bush won the election things began to move a little bit. George Bush became President in January of ‘89 and it was in the course of all of this that Noriega decided to hold an election.

Noriega thought to get his own man elected President because he saw this as a means of kind of breaking the deadlock. Having a legitimate election that his fellow Carlos Dukai would win would enable him to go back to at least the other Latin Americans and possibly to the Europeans and say now that we have a legitimate civilian government in place, you’ve got to knock off the sanctions. The sanctions were hurting. They weren’t hurting the people in power but they were certainly hurting the Panamanians as a whole.

Q: You left in ‘89. Where did this fit into developments in Panama?

McGHEE: The failed elections took place in the beginning of May of ‘89. Immediately afterwards there was quite a bit of violence and so dependents and unessential personnel were evacuated. My departure came in late September of ‘89 and operation “Just Cause” which finally ended up with Noriega’s arrest took place in I think November, so about eight weeks after I left.

Q: What was the situation as seen from the embassy? The election was held in you say May was it?

McGHEE: Yes it was May first or something like that.

Q: Could you tell the developments as you saw them regarding the election and the aftermath?

McGHEE: Basically the opposition ran an excellent campaign. They managed surprisingly to back a single candidate whose name was Gia Mondara otherwise known as Kuchungo. He had I think Billy Ford, and Arias the head of the Christian Democrats ran for Vice President on his ticket. They swept the vote everywhere. There was a determined attempt at fraud on the part of Noriega and the defense forces but the sheer size of vote for the opposition which as I said was over 70 and even approaching 75 percent, was far bigger than they expected.

The FDP had been doing some polling. I had been hearing from various people that there were FDP people out of uniform (you could spot them a mile away) going around and polling. Of course the Panamanians being smart never tell the truth to a pollster and so the FDP was convinced that the vote was going to split down the middle. They had been prepared for that sort of result and they weren’t prepared for the overwhelming defeat.

The type of intervention in the vote count that would have been required simply wasn't possible because there were international observers there. Jimmy Carter was there staying at the Marriott Hotel and the vote center was in the ballroom of the Marriott. The necessary preparation for massive manipulation of the result was not there so they just shut down the vote count and annulled the vote. That was kind of the end of it.

The opposition tried to hold a victory rally the next day. It was broken up by the defense forces and a couple of people were killed including Billy Ford's bodyguard. The opposition candidates went into hiding and the opposition pretty much ceased any real organized activity. The radio station that I mentioned before was discovered and the people that were running it were arrested, including an American citizen. That was it. It was sort of sewn up tighter than a drum.

My contacts dried up completely because they were all scared to death with the exception of the current President of Panama Ernesto Pérez Balladares who had repeatedly refused offers from Noriega to come in the government as prime minister or as finance minister. Pérez Balladares saw the handwriting on the wall and realized that any short-term gain that he got from associating with Noriega would be to his detriment in the long-term so he stayed out of it. He maintained some contact with us but pretty much things dried up after that. The embassy was down to a skeleton staff and I got myself assigned to Northern Gulf Affairs and went back to the Department.

Q: When you left in September '89 was there the general feeling both in the embassy and outside, or was it mixed, that OK this has gone on and Panama is essentially our responsibility and up with this we will not put.

McGHEE: I would say that within the embassy, people were pretty discouraged at that point. I think that I felt, and I would say that in general people agreed, that there were really only two possible outcomes. One of them was that someone would just kill Noriega and the other one was that we would mark time until there was an incident that brought on a military intervention by the United States and that is what happened.

There were some reservists or national guard airmen who had flown a transport flight down to Panama City from wherever they came from. They rented a car to go out and have dinner I guess and got lost. They ended up driving into Fort Amador which was a Panamanian installation. When they saw where they were they stopped short of the gate and tried to turn around. The Panamanian guards opened fire on them and they killed one of the airmen in the car. We started moving troops down into our bases by air over the next couple of days and that was that.

Q: You then left. When you came back to Washington did you talk to people on the Panamanian desk?

McGHEE: I did talk to people on the Panamanian desk but I got the feeling that I wasn't really very welcomed. When "Just Cause" began and they set up a task force I volunteered for the task force immediately and I never got a call.

Q: I know. I left Greece as consul general when all hell broke loose on Cyprus. When I had been gone about two weeks I called up the Greek desk and no. Once you're out, you're out.

McGHEE: They were looking for volunteers and I was willing to volunteer even though I was extremely busy trying to get into my new job. No one was interested in debriefing me when I got back and even when they were looking for volunteers I didn't get a call.

Q: We will stop at this point and pick it up next time in '89 when you are working with the Northern Gulf.

McGHEE: Deputy director of the Northern Gulf.

Q: Which means Persian Gulf at an interesting time.

Today is the 9th of October 1997. You were dealing with Persian Gulf affairs from '89 to when?

McGHEE: To '91.

Q: There is a Chinese curse, may you be cursed with living in interesting times, and it sounds like you were cursed with having an interesting time on your desk. Can you talk about when you arrived what was the feeling and the situation?

McGHEE: I left Panama towards the end of September of '89 and started work in the office of Northern Gulf Affairs the following Monday. In what was my first week in that office, by coincidence, the President signed a national decision memorandum. It was basically a short four page outline of policy towards the Persian Gulf region that addressed Iran, Iraq, Saudi Arabia, the Emirates and Kuwait and what our approach to the region should be. Obviously this was a fairly big event for the office of Northern Gulf Affairs.

Q: This was when about?

McGHEE: This would have been approximately the first week of October of '89. We had a brand new policy ready to go. It was rather complicated and Iraq itself was addressed directly only in about a page of that four page paper. There were many issues involved as well but part of the idea was that based on the fact that we had in the course of the Iran-Iraq War improved our relations with Iraq, and we thought gained some leverage there, part of the strategy was to encourage the Iraqis to behave better and in effect to become the regional bulwark against what was then a still very hostile and irresponsible government in Iran.

We had very few tools at our disposal for doing that. The only big program that we had with Iraq at the time was through the CCC, the Commodities Credit Corporation. It was essentially an export promotion program for agricultural products that was run out of the CCC which was under the Department of Agriculture. The idea was that the U.S. government would effectively provide loan insurance for market rate loans that the Iraqis would use to purchase U.S. agricultural products. This brand new policy was kind of a rare thing in my lifetime; an actual policy looking forward to the next several years that had been embedded through the very top inter-agency level across the board and had gone up through the White House and actually been signed by the President. Of course having that in place, it started to unravel almost immediately.

Q: When you arrived there in October '89, what had prompted this new policy? In a way one had the feeling that the Bush administration was, quite rightly, focused on events in the Soviet Union which was still the Soviet Union in those days, but things were beginning to unravel and the Iran-Iraq War was over by this time?

McGHEE: The Iran-Iraq War was over but that was precisely the point. The Iran-Iraq War had ended I believe in '88 and you know how these things are, this policy document had a long germination period. The NEA bureau had actually begun drafting this thing in the spring of '89. I had no involvement in that whatsoever. Larry Pope who was director of the office of Northern Gulf Affairs, and my boss there, had begun the drafting in the spring of '89. It had slowly worked its way throughout the bureaucracy, first at State and then the inter-agency bureaucracy. It was just a coincidence that I arrived just at the time that it was finally being signed over at the White House.

It was long in coming and what occasioned it was that in fact NEA quite rightly in my view, looked around and said to themselves that now that the Iran-Iraq War is ended we need to have a policy towards this region that is approved at the highest level. Although our closest ally and most important ally in the area was of course Saudi Arabia where our interest was mainly focused. Shipment of oil through the Persian Gulf was the issue that got us involved in the first place. The fact is that Saudi Arabia has a population of seven or eight million and the other countries there, Iraq and particularly Iran, are giants relative to Saudi Arabia. We were in a situation where we could no longer simply entrust the security of that strategic area to the goodwill of the parties involved.

I think that this was the main motivating factor; that we had to some sort of strategy to protect U.S. interests in a region where we had effectively no major military facilities. We did have a naval base in Bahrain and a small flotilla, a command ship and several small vessels, that operated in the Persian Gulf. That of course went way up during the Iran-Iraq War because of our decision to convoy oil tankers in and out of the Gulf. Still, our presence on the ground was rather small and I think the administration was quite right when it decided that we needed to have an organized approach to protecting our interests in the future because Iran was clearly still hostile and relations with Iraq were ambiguous at best. As I said with the end of the Iran-Iraq War, the only program we had there of any significance was the CCC program.

Q: Joe let's do a little, my French is poor but tour d'horizon, tour of the horizon of, it is very important that we stick to the date. It is October '89 and you are the new boy on the block. You are reading your way into this thing. Let's start looking at the various places, what the issues where, and what our concerns were. Let's start with Iran.

McGHEE: With Iran our concerns were basically the same as they are today. Khomeini was gone but his successor as the religious leader of Shiite Islam, Khameini who still occupies that position today, was very hard-line and quite hostile to the west. It was still rather early days with him but he was clearly no friend of the U.S. and there was no sign of any opening on the part of the Iranians towards us. The President, Rafsanjani, was viewed in some circles as something of a moderate and I suppose relative to the hard-liners in Iran he was, but any moderate tendencies he might have had were very much constrained by the fact that the Majlis, the parliament, was controlled by the hard-line Shiite fundamentalists and by the religious authorities who were still, and remain, very hard-line.

So we had this problem with Iran of continued support for terrorism abroad, continued opposition to peace efforts in the Middle East, efforts to obtain for Iran the ability to build and deliver weapons of mass destruction, and just some general uncertainty and concern about what Iran's intentions were both long-term and short-term. All of these concerns were augmented by the fact that we had no direct representation there. We worked through the Swiss in Iran and on occasion had some contacts via the Japanese. In terms of being a productive and reliable means of communication, it was unsatisfactory so Iran was the great concern.

Q: Were there any pressures in the U.S. government either to try to find a way to deal with these people or counterwise, people particularly in congress saying "don't you dare touch these people"?

McGHEE: It was very difficult to do much with Iran at that time even as it continues to be. As you will recall the Reagan administration had attempted to make this kind of contact in a very ill-considered manner and the result was the Iran-Contra scandal. I think you had a lot of the same personnel around in the Bush administration. They had been badly burned by this. The sense of having been burned was still there and so there was really no scope for any major initiatives toward Iran from our part and no sign from the Iranians of any constructive approaches from them. There was occasionally some rhetoric about let's be reasonable and talk things out. We did have on-going negotiations taking place in The Hague over Iranian assets that had been frozen in the U.S. following the seizure of our embassy in Tehran in 1979. We seized Iranian assets during the hostage takeover both in response to that and because the Iranians had seized U.S. assets in Iran.

On top of this there was controversy which was also tied up with The Hague talks over paying the families of the victims of the Iranian airliner that was shot down by the U.S. guided missile cruiser the Vincennes in the Persian Gulf towards the end of the Iran-Iraq War. We had actually offered settlement and had made payments to families of non-Iranian citizens who were victims of that but the Iranian government wanted at that

time for us to make a lump-sum payment to the Iranian government and then they would make distribution to the families of the victims. This formulation wasn't acceptable to us and we hadn't found a way around it yet.

Coupled with that was the fact that the amount that we were paying was the amount that had been determined by the U.S. and it was less than the Iranians were demanding. Efforts to find a suitable basis for negotiation on the eventual amount of payment had failed and so the Iranian victims were simply awarded the same amounts that the other victims had received. As I said at that time no payment had been made and I'm not sure if it has been made to this day.

Q: I'm not sure if it has either. Was there any trouble at that time or concern about Iran and Lebanon?

McGHEE: Yes. This was part of our concern about the export abroad of terrorism. It was well known that the Iranians supported the Shia in the Bekaa valley. They had training camps. Terrorists from outside of Lebanon that were involved in other conflicts used these camps from time to time either as rest areas or to train their own people. Confusingly this group of Lebanese Shia were known as Hamas and it shouldn't be confused with the Palestinian Hamas. These guys were Hamas as well. But yes, the Iranians were heavily involved in Lebanon. They had a large embassy in Beirut and they were very active in the Bekaa. This was pretty well known to us and to anyone else that had an interest in the Middle East and of course it was another factor in all of this.

Q: Turning to Iraq what was our feeling towards Iraq in October '89?

McGHEE: The Iran-Iraq War had been the occasion for us to improve somewhat our relations with Iraq. We had had an office in Baghdad for a number of years that was officially part of, I believe, the Belgian embassy at that time. During the Iran-Iraq War as we began to work more closely with the Iraqis because of essentially the fear within the U.S. government of the possible results of an Iranian victory, we upgraded our presence in Baghdad and made it into an embassy. April Glaspie became ambassador and she was out there at this time as ambassador to Iraq.

There was a feeling that Iraq was the only power in the region that had the size, the military capability, and the wealth in fact to counter Iran. The Iran-Iraq War at the end was counted as something of an Iraqi victory with the Iraqis still being on their feet at the end and having at least not surrendered. The Iranians had made a huge and very costly effort in terms of human life to capture Basra in the last couple years of the war and they failed. The Iraqis succeeded in driving the Iranian forces out of Iraqi territory by the end of the war and they had had some at least indirect U.S. help in this. Number one because we ensured that the flow of oil continued through the Persian Gulf through our naval efforts. Number two we had a military attaché's office in Baghdad that kept in close consultations with the Iraqi armed forces in the course of the war.

There was a feeling that there should be a way that we could build on this both to alter

the political behavior of the Iraqi government and make it somewhat more acceptable to us, and to find some means of collaborating with Iraq to keep close tabs on what the Iranians were up to. There were problems with this right from the start.

The Iraqis were clearly attempting to develop weapons of mass destruction of their own. They clearly had chemical or biological agents and in fact had used them against the Kurds. There had been a Kurdish revolt against the Iraqi government in northeastern Iraq in the course of the Iran-Iraq War. Needless to say the Iraqis were very ruthless in putting it down and they did use chemical weapons against the Kurds.

There was also a problem brewing with the CCC program because of the Iraqi involvement with a bank here in the United States. It was actually a U.S. branch of an Italian bank called the Banco Nacional de Lavoro, BNL. The Iraqis had used this bank for some highly questionable transactions in the past and because they had this relationship with the bank they had used them as the main carrier of the loans that were insured by the CCC. The Iraqis had been very careful to pay back all of their CCC loans on time but there were some questions out there: number one, about possible Iraqi government complicity in illegal activities that had been carried out by the BNL in the United States. We're talking about gray book loans and things like this.

Q: A gray book loan would be what without going into too much detail?

McGHEE: Basically we are talking about the situation was that the people that ran this U.S. branch of this bank had loan authority up to a certain point granted by the bank's headquarters which was in Italy. Basically it was bookkeeping, there were several sets of books. They utilized the assets to make loans to certain recipients far in excess of what they were authorized to do and then they in effect raked off profits from the loans that weren't authorized. It is very complicated.

The larger point was that congress was also looking into this. The CCC program had to be renewed year-to-year. In the fiscal year prior to my arrival there which would have been fiscal '89 that ended at the end of September '89, the Iraqis had had something like 1.2 billion in loans guaranteed by CCC. These loans were made by commercial banks and principally by BNL. The CCC insured the loans, i.e. when the Iraqis could come to the bank with the assurance that the U.S. government was going to pay any shortfall in the payments of these things, it was much easier for them to get a loan. They wanted to renew at the same level, 1.2 billion. This was the first issue that I worked on and I worked on it virtually constantly for the next five or six months.

What was settled on after a long, long negotiation that involved Agriculture, the legal office at the State Department, the Justice Department and staffs of several congressional committees, was that the Iraqis were authorized credits up to one billion but only half of that immediately. The other half would be available only when we had clear proof that the Iraqi government had not been involved in any wrongdoing in the CCC case. As this was moving along and as we came to the end of 1989 and into 1990 a host of other things cropped up.

Q: Before we get to that, coming back to the October of '89, what was the word of wisdom within the Near Eastern Bureau about why Saddam Hussein was gathering these weapons of mass destruction?

McGHEE: The why was a little hard to say with any precision. My own feeling, and I think that it was generally shared by those that gave it any thought, was that Saddam to some extent saw himself as a kind of a successor to Nasser; as a figure who could become the predominant political figure in the Arab world. Building up the Iraqi military machine and with it Iraq's ability to have a longer strategic reach through long-range missiles, long-range delivery systems and the ability to deliver chemical, biological and possibly some day even nuclear warheads with those systems was in his mind a necessary element to claiming this preeminent position in the Arab world. At least that is one take on it. More immediately as it turned out he had designs on Kuwait but that was not quite well known at this point.

Q: What were you getting at the beginning about Saddam Hussein as a person, as a figure with whom we were dealing?

McGHEE: First of all we were getting a lot of crap. The intelligence community did churn out a certain amount of stuff about Saddam Hussein but we didn't know him. There were no Americans at any level who knew him. We had virtually no direct contact with him. We had very little information about the workings of his inner group. We knew the basic facts of his life but even that was difficult to separate the truth from fiction at some points.

He had come up as a kind of thug in a quasi-political, quasi-criminal organization in this town of Tikrit in central Iraq which became affiliated with the Baath party. He was involved in political violence and an assassination attempt against I believe old King Hussein. We are talking about back in the '50s or early '60s now. He had been forced to flee across the desert to Jordan and was wounded. Eventually he came back and when the monarchy was overthrown he was a highly placed official. He fought his way to the top and got rid of Ahmad Hassan al-Bakr who was his immediate predecessor as Iraq's ruler.

He took over the franchise and then he brought his relatives and close friends from Tikrit in and packed them around him as his kind of inner circle along with a few select others. Notable among them the Iraq regime's principal foreign spokesman who is Tariq Aziz. Tariq Aziz is a Christian and therefore has no appreciable political base in Iraq. He is neither Sunni nor Shia nor Kurd and therefore from the point of view of someone like Saddam he was a real asset because he was entirely dependent upon Saddam for his position. But Saddam stayed very much away from Westerners in general. He was very little known to us and frankly most of what we had about what might or what might not have been going on in his head was sheer speculation.

Q: Moving back to this initial time, Kuwait. Any problems with Kuwait?

McGHEE: There were historically problems with Kuwait. Under the Turkish empire Mesopotamia was ruled from Constantinople in two big chunks. One of them was in the north and was ruled from Baghdad and the other was in the south and was ruled from Basra. Kuwait was part of that southern chunk. It became independent after World War I when the British took over the mandate from Mesopotamia. They chose to build up the ruling family in Kuwait, the Sabahs, basically because of their preference to rule whenever possible through the local elite.

At the time Kuwait gained independence in the 1960s, the Iraqis (Iraq had been quasi-independent before that) were adamantly opposed to it from the very beginning. They claimed that Kuwait was historically part of Iraq and should continue to be part of Iraq. In fact shortly after Kuwaiti independence the British had to put in troops and send a couple of destroyers to Kuwait City to keep the Iraqis from moving in. In the '70s there was a dispute over oil in the course of which the Iraqis moved south and occupied several oil fields in northern Kuwait. They pumped oil out of them for four or five years before finally giving them back to the Kuwaitis in return for a cash payment. There was a long history to this dispute.

I would say that at the time in '88 and '90 it appeared to be rather quiet because among other things the Kuwaitis had actively financed the Iraqi war effort against Iran to the tune of some ten billion dollars in loans paid out of Kuwaiti oil revenues. There were disputes that grew out of this. Notably a number of the Arab countries that had helped pay for Iraq's war effort against Iran had written off their loans to Iraq but the Kuwaitis for reasons of bookkeeping and plain old bloody-mindedness refused to write them off. They were trying to hold the Iraqis feet to the fire over putting together some sort of repayment schedule for this.

This was an irritant but when you looked at the situation in the fall of '89 and early in 1990 that's all it seemed to be was an irritant. After all when Iraq was in dire shape the Kuwaitis had come through with money if not with other wherewithal. All in all the relationship seemed to be somewhat better than usual although Iraq had never, and to this day never has, dropped its claim that Kuwait should be part of Iraq.

Q: What about our relations with Kuwait which have always been somewhat distant? Did we find the fact that we put the American flag on Kuwaiti ships and all during the Gulf and offered our protection, did that give us any particular currency or were the Kuwaitis sort of doing their own thing and keeping us away?

McGHEE: Kuwait was somewhat outside of our area of responsibility. It was not under my office in spite of its location in the northern Gulf. We had Iran and Iraq. Kuwait was in the Arabian Peninsula office. I would say in general our relations with Kuwait were pretty good. We were doing some military exercises, ship visits. All in all I think it was steadily, slowly improving. We were doing more things with the Kuwaitis and I think the Kuwaitis too appreciated the fact that the Iran-Iraq War had not really decided anything. The U.S. presence in the Gulf was important to them at that time. They certainly did nothing to try to discourage us from being involved strategically in the area. I visited

Baghdad and Kuwait in about May of '90 and really I found things quite good with the Kuwaitis by and large, with the Iraqis too.

Q: Did the Kurds who spill over into Turkey, Iran and Iraq raise any particular problems at this time for us, or concerns?

McGHEE: No. We had regular contact with two Kurdish organizations: the Talabani people and the Barzani, the PDK and the PNK, Kurdish Nationalist Party and the Kurdish Democratic Party.

Q: But not the other one, which is the PKK?

McGHEE: No. The PKK which is the communist one has been fighting a war with Turkey off and on, mostly on, for the last 15 years. No we had no real relations. Saddam according to his mood or what he was up to would occasionally allow the PKK to use Iraqi territory but more often they operated out of Syrian territory. The Iranians did not have much to do with the PKK.

Q: Let's talk just a bit about the organization of your bureau. It was at that time Near Eastern Affairs?

McGHEE: Yes it was NEA, Near East and South Asian Affairs.

Q: Which included Afghanistan?

McGHEE: Afghanistan, Pakistan and India.

Q: Did Afghanistan intrude at all into the Iranian factor when you were dealing with it or not? They were having their on-going civil war there.

McGHEE: Yes, but they were fighting each other at the time. The Russians were out and frankly our interest level dropped quite a bit when the Russians began pulling out of Afghanistan. The Iranians obviously were involved in Afghanistan. We were not happy about it but it was not the first thing in our minds at that point and plus at that time as I recall, Rabbani was at least nominally in charge in Kabul and he was not a friend of the Iranians.

Q: Who was the assistant secretary for Near Eastern Affairs?

McGHEE: John Kelly.

Q: Did you have the feeling that pretty much State Department attention was focused as always on Israel and its neighbors? Did you feel sort of off to one side?

McGHEE: We were off to one side in the sense that no matter how you cut it apart from perhaps an occasional opportunity for bilateral meetings at the UN General Assembly or

something like that there simply were very few opportunities for high level involvement with either. There were none with Iran at this point and virtually none with Iraq. I believe that Secretary Baker had one meeting with Tariq Aziz sometime in the fall of ‘89 and that was about it. If you can’t engage the principals in a personal way, obviously issues on which they can be engaged get more attention.

The seventh floor was following issues related to Iraq closely especially where this case of the Commodity Credit Corporation in the eventual loan guarantees for Iraq were involved. This was a decision that was taken primarily through the economic counterpart to the NSC, it has changed its name now. It was the national economic council or something like that at the time. Of course we had to be prepared to defend our position and to work through the issues there and that was done primarily by Under Secretary (Robert) Kimmitt who was Under Secretary for Political Affairs (not Economic Affairs), but nonetheless he took the lead on it.

Q: I’m not talking about real fancy relations but you have Kuwait, Saudi Arabia and the United Arab Emirates and all that within your bureau, were they coming to you and saying what the hell are these Iraqis doing or really was there much interest?

McGHEE: No, on the contrary. Most of these countries felt that on the whole their relations with Iraq were relatively good. As I said there was this friction between the Kuwaitis and the Iraqis over the loans for the Iran-Iraq War but no, we got very few expressions of concern. I would say that even in the two weeks preceding the Iraqi invasion of Kuwait, the Kuwaitis themselves were very matter of fact about it all.

It began quite suddenly in the middle of July, I believe the date was July 19th. Tariq Aziz made a very hostile speech about Kuwait and the Emirates at the meeting of the Organization of the Islamic Conference. He made a number of accusations aimed at both the Kuwaitis and the Emirates. The principal one was that they were harming the Iraqi economy by selling oil far over and above their OPEC quotas and therefore driving oil prices down and harming Iraq’s ability to service its loans. Tariq Aziz chose to interpret this as hostile activity and made some very open threats against both countries but especially against the Kuwaitis.

In the wake of this in the two weeks that followed before the Iraqi invasion, the Saudis got involved in trying to mediate this dispute. The Iraqis had moved some armor to the Kuwaiti border and were clearly trying to intimidate the Kuwaitis but this was not the first time this had happened. They had all seen it before many times. Tariq Aziz came down to, I believe, Riyadh and met with the Kuwaitis there. The Arabs, both the Saudis and the Kuwaitis, were convinced that the situation was under control and that eventually they would reach some sort of a monetary settlement which would satisfy the Iraqis and that would be the end of it.

The point was that as these direct talks between Iraq and Kuwait got started under Saudi auspices the Kuwaitis came to us and suggested that we should adopt a low profile about all of this, the threats, etc. Getting the U.S. involved would simply up the ante and

probably lead to the Iraqis asking for more. In addition the intelligence that we were getting at the time indicated that while the Iraqis had moved this armor down to the northern border with Kuwait, they had not pulled the necessary logistical tail down with it. The conclusion that we got at that point based mainly on satellite stuff was that this was no more than an effort to intimidate; that this armor had been moved down to the Kuwaiti border but it wasn't going anywhere else. They changed their minds the night before the invasion.

Q: To get an idea of how we operate, because we are talking about the eve of an invasion and certainly a major war, did you all get involved in, maybe even in a routine way, of saying what if there is a war in this area what would we do with the military? Was there anything of this nature as we do for emergencies?

McGHEE: The U.S. military had some contingency planning already in place but no there was virtually no discussion along those lines. It was the middle of the summer, we were understaffed, and Larry Pope was in Florida at McDill Air Force Base where U.S. CENTCOM is located, that is the U.S. integrated central command which covers the Middle East, Persian Gulf, Indian Ocean. Since we don't have any place for them to sit out there, they sit in Florida. He was down there for a war game. I don't know what the nature of it was. I was running the office at that time.

When Tariq Aziz initially made these threats against the Kuwaitis at the OIC conference, we got our hands on a text of what he said. David Mack who was the deputy assistant secretary for NEA who was responsible for our office among other things, and myself called the Iraqi ambassador in. Actually we had lunch with him in that wretched place on the eighth floor in the State Department. I remember the lunch was just awful.

Q: I talked with David Mack and he said that one of the hardest things for him in dealing with this gentleman was that he had terrible breath.

McGHEE: Believe me whatever it was they fed us that day did not do anything for his breath. Anyway his name was Mohammed al Machot. We had him down and warned him to the extent we could that we did not take this lightly but it was very difficult to be entirely specific and pointed about this. We had hustled around and got the NSC to clear some language but it was very much toned down language from what we had wanted to do. The upshot of what we were able to say to Machot was that the U.S. would, I forget the precise formulation, but the U.S. would defend its interests and its friends in the Gulf or something like that. This was all done with reference to Kuwait. We were clearly talking about Kuwait and we told him that this kind of threat wasn't constructive and that we were very much opposed to the type of intimidation tactics that the Iraqis were using.

Then we got these points which were approved by the White House into cable format and got them out to Baghdad and had April begin going around delivering them to anyone that she could get to in Baghdad. She got them to Tariq Aziz and to a number of other key people out there.

Q: Isn't there always a concern when you call an ambassador in and you have gone through getting some exquisite language as far it is clear about how we would treat a situation, that the message might not be understood. That the ambassador might for one reason or another, maybe his English isn't very good, not really understand what we are trying to say or else may be afraid to say it, if you are dealing with somebody like that to get the message across.

McGHEE: This is why we double tracked and sent it immediately out to Baghdad as well. The problem with it all was that you had to be a little careful in order not to come across as delivering empty or non-credible threats. As I pointed out our presence in the Persian Gulf was very limited. We had this small naval facility in Bahrain but we had no bases in the region, we had no major assets in the region at that time. We could not in July of 1990 tell Machot "listen here if you lift a finger against the Kuwaitis we are going to bring half a million men to Saudi Arabia and we are going to bury your army in the desert."

We had never, ever, even carried out a military exercise on Saudi territory. There had never been U.S. troops in Saudi Arabia. There was the possibility I suppose of using Israeli facilities but to get to Iraq from Israel would have involved violating Jordanian air space and doing all sorts of things that we probably weren't very likely to do. The fact was that at that point we didn't have any credible force available to threaten Saddam Hussein so the threat had to be political and it's probably true that it didn't come across as being quite as hard as intended. But we also had to bear in mind that our Arab friends themselves in the region didn't want this to blow up into a U.S.-Iraqi dispute because they saw that as being politically favorable to Saddam. They thought it could be worked out quietly and he could be bought off.

Q: Something happened in I think it was July or maybe it was June that was sort of a minor factor. That was the fact that the ruler of the United Arab Emirates asked that we have a small air force exercise, did that enter into anything?

McGHEE: It did but this exercise had been long planned and the exercise was more logistical than tactical. It involved as I recall us bring a couple of tanker aircraft into UAE from Western Europe and then practicing mid-air fueling. What we did do was that in the course of events just prior to the Iraq invasion, we offered and the Emirates accepted to move up the dates for that exercise as a sort of gesture and reminder of U.S. interests in the area.

The Emirates as well as the Kuwaitis were the targets of these threats from the Iraqis. It wasn't only Kuwait that was threatened at that point by Tariq Aziz although Kuwait since it borders on Iraq was much more immediately in danger. The UAE was threatened too and the Emirates did invite us in to in effect anticipate the dates of this exercise as a gesture to the Iraqis that they weren't prepared to be intimidated.

We also had a ship visit scheduled. I believe it was a frigate that was supposed to visit Kuwait later that year and we offered to do the same thing, in effect to expedite the

frigate visit to underline to the Iraqis our determination to support Kuwaiti independence but the Kuwaitis did not want to have that additional provocation.

Q: What was your impression of the reporting coming out of Iraq prior to the invasion? The reason for this is that April Glaspie, mainly because of circumstances, became the target of a lot of criticism particularly in congress and all about how things were done there.

McGHEE: Prior to the invasion, the problem always with our embassy in Iraq was one of access. The Iraqis were extremely intent upon controlling whom we could talk to in Baghdad and this was a huge problem in terms of getting reporting. Actually things had improved somewhat in the months leading up to the invasion or at least I should say in the first months of 1990. Things were getting worse by May, June, July.

In the early part of 1990 there were progress on a number of fronts. One of these fronts was that the Iraqis finally lifted the ban on private citizens wanting to travel abroad for private reasons. We had a permanent visa line outside the embassy from that point on. There were lots and lots of people including people with family in the U.S., family in the west, really lining up to take advantage of this opportunity to travel.

April for the first time ever was permitted to travel to Kurdistan which had been absolutely off-limits to U.S. diplomats in the past. She was allowed to go up to Irbil and a number of other places in Kurdistan and meet with some Kurdish leaders. Granted they were Kurds who were loyal to Iraq, but nevertheless compared with the past this was a vast improvement. On the other hand our defense attaché, who during the period of the Iran-Iraq War had been our most valuable and consistent source of information about Iraq, was simply shut out completely the day the war ended. He might as well have closed up and gone home.

Q: According to press speculation and just general corridor gossip, we had been supplying the Iraqis with some pretty good military information, maybe from satellites, about Iranian positions.

McGHEE: I don’t want to give you the wrong interpretation. Our policy was a little cynical in that it’s true that even during the Iran-Iraq War we did not sell weaponry to Iraq, but we certainly encouraged others to do it. If we didn’t encourage them we made no effort to stop them because clearly we saw it as our interest having Iraq be there and survive and not permit Iran to expand or establish a hegemony over the Persian Gulf area. We kept our skirts clean by sort of pushing others; not that the French didn’t make lots of money and many others. But yes, that was the main thing that we contributed to the Iraqis during that period apart from the very big contribution of the oil convoys was in terms of information. We did supply them with some information. As soon as the war ended our military attaché was pretty much cut off.

Q: Just prior to the war, if I recall there were articles in papers saying “what is this guy Saddam Hussein up to?” talking about fancy weapons and all.

McGHEE: He was up to everything under the sun.

Q: Were we getting pressure from essentially the Israelis or the Jewish community saying "watch this guy Saddam Hussein"? Did you feel that at all as far as his army goes?

McGHEE: No, not so much. There were clearly elements that opposed any kind of relationship between the U.S. and the Iraqis even to the point of opposing the insurance credits for agricultural purchases. In fact there was an effort on the part of a number of people in congress to rewrite the foreign aid bill.

As I said before the CCC, Commodity Credit Corporation, was not a foreign aid program it was an export promotion program. We were not giving anyone any money but we were just insuring their loans so that they could turn around and take that money to buy U.S. products. These were short-term one year loans so it was not extremely a funding pool in that sense because once you got hooked you were paying back last year's loan.

Nevertheless there was an effort in congress to rewrite the foreign aid bill in 90 so that it contained a little paragraph that banned aid to the following countries: Libya, Iraq, Syria, Iran, the usual suspects, and North Korea. They wanted to add for the purposes of this paragraph "Commodity Credit Corporation insurance will be considered foreign aid" which is sort of cheating.

Yes, there was some pressure on that but not a huge amount because Israel like everyone else also viewed Iran as a threat and possibly more of a threat than Iraq. Everyone was aware that the Iraqis were up to something and they had even test fired the first stage of what supposedly was going to eventually become an inter-continental ballistic missile. They had only fired the first stage and what they had done was in effect taken three or four of these short range Korean missiles and kind of bolted them together on a frame and made it bigger. They had test fired that.

They clearly were getting some computer equipment although from what I could tell most of it was off-the-shelf stuff. There was still nothing to prevent the Iraqis from backing a tractor trailer up to *Radio Shack* and buying whatever they could.

Q: Radio Shack being a commercial electronics store.

McGHEE: Exactly. The evidence for chemical weapons we had because they had used chemical weapons against the Kurds on a number of occasions, there was no doubt about that. Biological weapons we were sure were out there but where and exactly what wasn't quite so clear.

Then there was this cannon. They wanted to build this cannon very much like the one that is described in *From the Earth to the Moon* by Jules Verne. The cannon was built like a smokestack sunk down into the ground and was supposed to fire a massive artillery shell six or seven hundred miles. It was designed by this Canadian by the name of Gerald

Boole who was involved in all sorts of arms business, not only with the Iraqis but with many others. He was murdered in Belgium about this time and there was some question of whether the Iraqis murdered him or if someone else murdered him. He was the one procuring this heavy-duty pipe that was supposed to eventually form the barrel of this super cannon. My view is that the Iraqis should have been encouraged to spend their whole defense budget developing a super cannon because I don't think it will ever do anything but blow.

In any event they had all this business going on and it was very difficult to keep track of because the Iraqi economy was very much a command economy. It had Soviet aspects to it and they had these huge conglomerates each of which did everything; had its hands in a little bit of everything. There was not one devoted to agriculture, one to industry and one to defense. There were half a dozen of them and they all did a little bit of everything. Items that were purchased abroad for x purpose would go down one rat hole in Iraq and then pop up somewhere else and you never knew. At one point we had hoped to get the Department of Commerce to add a couple more people in Baghdad in hopes that maybe we could arrange for periodic inspections of what some of this equipment was being used for. Whether it would ever have happened or not is a moot point because the war broke out and suddenly we didn't have an embassy there.

Q: Why don't we move to the events and you have already talked about some. Tariq Aziz had made these provocative statements and we had come up with a formulation of saying we support our friends.

McGHEE: And our interests. We have vital national interests in the Persian Gulf.

Q: Have we used the term vital in national interest?

McGHEE: National interest for sure. I forget exactly if we called them vital or not.

Q: Because in a way this became really the key point: do we have a vital interest there? The answer was absolutely yes. This was accepted when we started thinking about this.

McGHEE: No one every had any problem with our saying to the Iraqis that we had vital national interest in the Persian Gulf and that we were not prepared to see our friends intimidated. That was the thrust of the message. What we couldn't say was that we are going to build a vast international coalition and come and get you because we had no idea that we were up to that.

We had instructed April Glaspie in the embassy in Baghdad to spread this same message in Baghdad. Clearly they did so effectively because April was summoned to the foreign ministry one morning and then told to sit tight and she was going to be taken to see Saddam which had never happened before. She managed to get a call to the embassy and the DCM Joe Wilson called us in Washington and said that April is going to see Saddam in half an hour, what should she say? In the end we told her just to repeat just what she had been saying because we didn't have time to get any other guidance cleared. If we had

time we might have punched it up a bit although in the meeting with Saddam he essentially said what we wanted to hear which was that he had no intention of using force against Kuwait. April said her piece and that was it. She was back out on the street again.

There was a subsequent exchange of letters between President Bush and Saddam based on the assurances that he had given to April, in which he also expressed a desire to improve relations with Iraq and outlined what we considered would be responsible behavior on the part of the Iraqis. We had been trying to get them to do a number of things: join the missile technology control regime; sign the chemical weapons treaty; things like that which would have given some leverage to them. It would have given us a closer look at the Iraqis arms industry and what they were up to. They had sort of moved that way with two steps forward one step back kind of thing but as I said President Bush sent this letter. It originated at the NSC and I never saw a copy of it.

Our impression was that the crisis between Iraq and Kuwait was getting under control by the end of July. As I said, overnight, I guess it was July 31st or August 1st, the Agency and DIA suddenly changed their minds about what the Iraqi military on the ground along the border was up to. They said they are going invade, they do have their logistics in place and they are getting ready to go.

Q: How did you hear this change in thinking, were you at home?

McGHEE: I just came in in the morning and I got it third or fourth hand from David Mack or someone and we spent the next few hours scrambling around. At that point Edmund Hull had arrived, he was the new director of Northern Gulf Affairs replacing Larry Pope. Larry was packing out of his office and Edmund Hull was moving in. We spent the day in a kind of Chinese fire drill. We hadn't accomplished very much by the end of the day although there had been a lot phone calls.

Q: I assume everybody was informing everybody else I guess?

McGHEE: I suppose but by the end of the day we had received renewed assurances that nothing was going to happen, etc., etc.

Q: Who was assuring?

McGHEE: The Iraqis basically but you know Iraqis at that level, you couldn't believe them. We still had Saddam assurances that there was no intention to invade and yet overnight that night the Iraqis did move into Kuwait and took over the country in a few hours.

Q: As I recall when I talked to David Mack, he said, if I recall correctly, his first impression was that the Iraqis will move and take over part of the oil fields.

McGHEE: That was because that was what they had done before; they had just seized some oil fields and pumped oil out for their own use. Over time they had negotiated with

the Kuwaitis and they left. There was this possibility out there because there was a specific precedent for it. They had done this before and there was some thought that maybe this was what they were going to do again: just grab a couple of oil fields, intimidate the Kuwaitis, pump the oil out and then leave somewhere down the road.

Q: Was there at all the impression that because of the war and the expenses of the war that Iraq was in desperate straits, that they were being driven by desperation?

McGHEE: Iraq is a very wealthy country. It has vast oil reserves. It certainly had economic problems stemming from the war but they were more in the nature of the fact that they had I suppose around 400,000 to 500,000 men in the armed forces and they really didn't have any civilian jobs to send them to. The common wisdom, and what one heard from the Iraqis from time to time, was that one of the reasons that they were so slow in demobilizing was that they didn't want to turn all these people out onto the economy and have them become unemployed. It was much better to have them in uniform. I don't know in looking back whether that's true or not.

One thing that did happen early on in my time there was this massive expulsion of Egyptians. The Iraqi government had recruited Egyptian workers to come to Iraq to replace all of these civilians that had gone into the army. Late in the year in '89 they in effect rounded these people up and drove them out of the country saying we don't need you anymore. There was some actual concrete underpinning to this idea that the Iraqis were demobilizing slowly so that they could be sure that they would demobilize people into jobs.

There was also the fact that although this truce had been signed with Iran there was no formal peace treaty as yet and a number of the elements of the cease fire hadn't been complied with. There still hadn't been a prisoner exchange. The Iranians were still holding Iraqi prisoners and the Iraqis were still holding Iranian prisoners. As long as the peace with Iran wasn't final, this was another reason for keeping a large number of men under arms.

Q: On the day that the invasion came did all of a sudden you find everybody descending on your office or the equivalent thereof or what happened?

McGHEE: They established a task force of course so everybody ascended to the task force. Although yes, our office became quite unmanageable very quickly. The office of Northern Gulf Affairs consisted of a director, a deputy director, an Iranian desk officer, an Iraqi desk officer and two secretaries. We were hard pressed. Our cable traffic shot up to well over 1,000 a day and I was just wheeling shopping carts full of cables into my office. There was no electronic cable system and I went through everything. Edmund Hull's preference was only to look at 10 to 12 cables a day so somebody had to look at all the other ones.

Q: Why would you get so many cables? Was this from everywhere?

McGHEE: From everywhere because everybody was reporting in at once. Not only reactions but when we decided, and we decided almost immediately, that we had to oppose this principally because of the threat that the Iraqis now posed to Saudi Arabia, there was not much discussion that we had to do something.

The secretary sent Dick Cheney who was Secretary of Defense at the time, out to see the Saudis to get them to agree that they were prepared to opposed the Iraqi invasion and that they were prepared to have an international coalition to use Saudi territory to do this. He also carried private assurances from both the Secretary of State and the President to King Fahd that we would stick it out; that we wouldn't pack it up and leave at the first sign of adversity or public opposition. It was a big concern for the Saudis that we were going to cut and run.

Q: We had not the best record in this. What was the feeling within the desk, the bureau and all, in the immediate aftermath when they went into Kuwait? Was there the feeling that OK now we really are involved, we really can't stand by, or was there a wringing of our hands and a what do we do now?

McGHEE: Well you know it is the State Department so there were hands being wrung. There is always hand wringing at the State Department. We wrung our hands some but basically it was in the course of less than a day that the decision was made that we were not going to let this happen. Once that was done we at the desk were working for the Pentagon from that point on anyway. I guess there was hand wringing. There was lots of occasions for hand wringing but within a week or ten days we took the decision, Cheney made his trip, the Saudis said yes, and we were working full force on lining up people to join us: NATO allies, Arab countries.

It was extremely important that we have Arab participation in this because otherwise it is the United States beating up on a poor Arab nation. It was important that we got the Syrians there and we got the Syrians there, we got the Egyptians there, we had the Emirates, not the Omanis or the Yemenis, but enough of an Arab presence that this did not come out as some sort of a bad rehash of the Crusades. We kept the Israelis out which was another extremely important thing. We had Argentine naval vessels out in the Persian Gulf, we had Italians, French, British, Portuguese, no Germans. All of this required work. Who is going to do what? What are they going to send? And then because none of these folks invest much money in lift capacity, how are we going to get them there; big charter business.

Frankly in all of that arch from August 1990 through the actual Desert Storm which was in January 19, 1991, the most dangerous period was between the middle of August and the middle of September when we had a battalion of the 82nd airborne and a Marine expeditionary unit totaling about 5,000 troops out there. They were strung out with the Saudi army covering about 100 miles of Kuwaiti border with an Iraqi armored corps in front of them. If the Iraqis had decided to go then, it would have been real trouble. We had plenty of air support for them at that point.

Q: What were we hearing from our embassy at that point during the invasion and afterwards?

McGHEE: "Get us out of here." The embassy was for all intents and purposes, cut off from any ability to do any real substantive work. It was a clearing house for Americans trying to get out of there.

Our embassy in Kuwait was locked up tight as a drum. It was surrounded by the Iraqis and the people on the compound there were essentially stuck on the compound for the next two-and-a-half to three months. Eventually they were able to move to Baghdad and then from Baghdad they came out with the people from Baghdad. We did have some communications with them but it was difficult and had to be limited. They had plenty of food on the compound and they managed to get along okay.

In Iraq things were a little better. People were allowed to live in their homes and stay around the city. The staff in Baghdad managed to reshuffle things so that they found rooms for American civilians that were having trouble getting out, to stay in. Eventually, we got everybody out in, I believe, that week between Christmas and New Years or just after New Years or at any rate, by the beginning of 1991 they were all out.

Q: Was there concern about...

McGHEE: Human shields I don't know if you remember that.

Q: That's exactly what I'm asking about. The human shield but just plain hostages right after this. Did we find that because there were a considerable number of Americans and others in Iraq that we were trying to pull our punches or not, or was this a consideration?

McGHEE: We were very careful about what we did and how we did it and certainly there were lots and lots of efforts bent towards getting out all of the American citizens that wanted to get out. Eventually we did pretty well. We worked through the UN quite a bit on this and we used third parties to bring pressure on the Iraqis. Ours were not the only people that were stranded there; there were actually quite a lot of people that had to be gotten out. It was a slow and logistically difficult problem. Eventually as I recall most of the group drove out.

We were able to get them to let a large number of dependent go almost immediately and that made things a lot easier for the staff that stayed behind. They were essentially all out by I believe that last week of 1990. Of course it was Joe Wilson who was there because April had gone off to London just before the invasion when everyone had thought that there wasn't going to be an invasion.

Q: You say that within a day the decision was made that we would not put up with what just happened. Did this come from basically the White House? As I recall George Bush at one point said "this will not stand". I was wondering where the direction came from?

McGHEE: The White House. The White House moved very quickly.

Q: How involved did Secretary Baker become at that point from your situation?

McGHEE: He did become involved there is no question about it, but I always had the feeling that Baker didn't quite approve of all of this and was a little bit detached from it all as if he viewed it as a disaster waiting to happen and he was trying to stay out of the way. My feeling at the time was that the Pentagon was doing an inordinate amount of the diplomacy that we ought to have been doing but that somehow we weren't pitching in quite the level that one would have wanted.

Q: Can you think of any manifestations of this that you observed?

McGHEE: The choice of Cheney to go to the Middle East and talk to the allies rather than Baker. Cheney went and he didn't even take anyone from State with him. He handled the job extremely well I am bound to say but what sort of discussion may have taken place back and forth among the principals of the National Security Council in coming to this decision I don't know. The memoirs that have been published so far haven't been very enlightening on this. I have to think that if James Baker had insisted on having the lead he would have had it in the Bush administration.

Q: You say you worked for the Pentagon essentially during the time up through the war.

McGHEE: Figuratively

Q: In what way? What were your concerns at your level dealing with this during the build-up and then the war?

McGHEE: First coalition building, getting the build-up to take place. There were a lot of decisions to be made in terms of what we wanted people in various countries to do with shipments of goods, supplies, manufactured articles, whatever, that were bound to Iraq. There was a lot of to-ing and fro-ing involved in all of that. A lot of diplomacy was involved in setting up the terms of a blockade (air, land and sea) of Iraqi territory. Handling the UN. A decision was made that if we wanted to have a full-blown international contingent in handling this, that it would have to be done at least under UN auspices. There was quite a bit of negotiation in fashioning a UN resolution condemning the Iraqi invasion that would assign the leadership responsibility for responding to this to the U.S. without too much tying our hands.

Initially we were authorized simply to go to Saudi Arabia and be prepared to help the Saudis fight off further Iraqi aggression. It was only in November that we got the Security Council, and I would add also the Senate and the House of Representatives, to agree that we should also be prepared to take steps to force the Iraqis out of Kuwait if they didn't comply with the UN resolution within a certain time frame. It was in the context of these as well, both the congressional resolution and the UN. resolution, that

language was inserted prohibiting us from taking any steps such as advancing to Baghdad that would have been intended directly to undermine or overthrow the regime. In other words, we were only to be getting them out of Kuwait. We weren't supposed to be pursuing them through Mesopotamia.

Q: This was clearly established early?

McGHEE: Clearly established in terms of the UN resolution and the congressional resolutions yes.

Q: You say there were a lot of diplomatic things working with other countries but that in a way you would be sticking to your last watching Iraq and Iran?

McGHEE: Yes. By this time what we were doing was constantly preparing memoranda for the next meeting. The deputies committee which is an inter-agency committee and includes the NSC, State Department, Defense, CIA, etc., etc., became the main day-to-day decision making body on Iraq. From the middle of August throughout the middle of November they met virtually every day. This meant that State's representative on it had to have a big memo (background, talking points, issues for decision which was always a list of a dozen, 20, 25 for each of these meetings) that had to be prepared every day. It had to be cleared every day with anywhere from six to 15 offices at State and it had to go through his staff up in P, it had to go through the assistant secretary, it had to go up every single day. We only had four officers in our office so that in itself was plenty of work.

Q: How about your family, did you see your family much?

McGHEE: Oh sure. You know how at State people do stay late but the fact is that production after about six o'clock goes down to about 20 percent of what it was before that. Obviously I worked late but the main thing that keeps people around until eight or ten o'clock at night is not that they can't get the work done, it is that they can't get the people sitting in the front offices to read it and sign it. Because Iraq and Kuwait were on everyone's front burner we did have a little sort of leeway for sort of leaning on people and telling them that we need it right now.

Q: "Don't you know there is a war on" sort of.

McGHEE: Yes and so by and large I thought we got pretty good cooperation around the building. I spent a lot of time in there but it wasn't crushing.

Q: What about Iran? Were we watching both before and during the war and whither Iran and were we getting anything out of them?

McGHEE: There was sort of this constant concern about what the Iranians were up to and would they decide at some point that they hated us more than they hated the Iraqis and make some kind of common cause. There was this strange event actually during the war

itself when the Iraqi air force took off en masse, fled to Iran and interned themselves on Iranian airfields to save themselves from being destroyed either in the air or on the ground by the U.S. air force. By and large, the Iranians took the view that you couldn't have Iraqis going around invading people and "see, we told you they were a bunch of rats all along." They did not make trouble.

Q: Were they giving assurances or they just didn't make trouble?

McGHEE: They just didn't. We occasionally pushed for something more via our feeble communications channels but nothing came of this. Really all you could do was monitor what they were up to. By and large they seemed to look at what was happening and to have concluded that the Iraqis were about to get a thumping and just decided to sit back and enjoy it, which is what they did.

Q: I think we might stop at this point and pick it up another time. We really are talking about the Iran-Iraq War and the particular question I would like to ask was at any point while we were leading up to the end of the war, was your office or anyone else looking at the terms of surrender? What do we do about Iraq?

McGHEE: I would say that it's kind of a hard question to answer. I think that there was kind of a broad assumption in the administration, based on I'm not entirely sure what, that a defeat in Kuwait would somehow in and of itself undermine Saddam sufficiently to bring him down and bring about change in Iraq. But there was really no candidate for taking his place. I think there was this big assumption that somehow the army would step in and straighten things out.

The Iraqi opposition, such as it was that we were in touch with, was located primarily in London and a few in Jordan. By and large while these were very nice people and in some cases able people, there was no one that had a real power base in Iraq that was an obvious candidate to step in and take Saddam's place. Not only that, there was some concern that Iran might somehow influence the outcome. The largest ethnic group in Iraq are Shia Muslims who live in the southern part of the country and it was not entirely clear the extent to which the mainly Shia Iranians might be able to influence the Shia in Iraq.

The Iranians, of course, are Persian and the Iraqi Shia are mainly Arabs so there was no absolutely clear connection there. Nevertheless, there was this possible link and there was a fear that somehow some sort of regime that was beholden to or aligned with Iran might emerge from all of this.

That was a concern but the main governing factor at the time was the fact that we had promised both congress and the United Nations that it was not our goal to overthrow the Iraqi regime and we would not use the UN sanctioned military power that was available in the Gulf to overthrow the Iraqi regime. We were there to liberate Kuwait and that was it. That was made clear in negotiations and in the UN Security Council resolution that was approved in November. The use of force if need be to liberate Kuwait (this was the force on the ground in Saudi Arabia that was commanded by General Schwarzkopf)

would be solely to liberate Kuwait. There would be no follow-on move, at least sanctioned by the UN, to use that force to overthrow the Iraqi regime.

There was this hope, in light of the size of the defeat and the fact that this was clearly just a disaster for Iraqi arms from every point of view, that the Iraqi army would react against Saddam and that he would be replaced by someone that we could deal with. There was no planning as such to make this happen.

As you probably know, immediately after the cease-fire in the Gulf War there were revolts in Kurdistan among the Kurds and among the Shia in southern Iraq. These were both put down by the Iraqis. The one in southern Iraq was quickly put down by Iraqi military force and as it turned out there were substantial units of the so-called Republican Guard. They are the elite of the Iraqi armed forces that had been withdrawn from Kuwait before operation "Desert Storm" began and were available to Saddam to use against these rebellions.

The Kurdish rebellion was more successful in part because of the imposition of the no-fly zone over northern Iraq that hobbled the Iraqis and the fear that Allied air power would come in to play kept the Iraqis from going into Kurdistan in a big way. The Kurds were eventually able to set up a zone in which they could operate in northern Iraq but this also took place over a number of months after the cease-fire following "Desert Storm" and in fact at one point the Iraqis were driving north into Kurdistan.

There were large numbers of Kurdish refugees fleeing towards the north and it was necessary to first establish the no-fly zone. We used threats to get the Iraqis to back out of Kurdistan and then sent in a substantial aid mission and these international police to protect the NGOs that were responsible for the aid. This was a rather complicated thing and it took some time to set up and to get everyone to agree to it. It was sort of a halfway house for the Kurds and frankly they are still in it to this day.

The Iraqis up until last year had been kept out of northern Iraq by threat of Allied, principally American, air power. The Kurds run their own enclave now in northern Iraq but the Kurds are fighting among themselves. As we saw last year one faction invited the Iraqis in to settle accounts with one of the other Kurdish factions so it is a very confused situation right now. I would say that in the long run it looks like Baghdad has the upper hand because the various Kurdish groups have never settled their differences and set up a real united functioning regime up there that would be capable of effectively resisting the Iraqis.

Q: You said before that during this lead up to the Allied attack on Kuwait and then the attack on Kuwait, you were essentially working for the Pentagon. Were you keeping a watching brief on internal events both in Iraq and Iran and trying to figure out what's going to happen?

McGHEE: To the extent that this was possible but that was not a very great extent. We had some indirect reporting available to us from Iran via the Swiss and the Japanese and

occasional contacts with other countries that had missions there. Also we had the occasional Iranian visa applicant that would come across to Dubai or Abu Dhabi and seek a visa to the United States for some reason.

We then had our own embassy in Baghdad of course. They were held in Baghdad but they were essentially shut down and unable to perform much in the way of reporting functions. They were under a kind of house arrest in Baghdad and we spent a lot of time working on getting those people out: both our people in Kuwait (who spent several months essentially holed-up inside the embassy there) and also our people in Baghdad; and various Americans who were in Baghdad for whatever reasons when the problems first began. It took until Christmas-time to get all of those people out. It was a very long process.

Our other sources of information were slim indeed. We named the Polish embassy to be our protecting power in Baghdad. We did occasionally get reports through them but not consistent. As far as reporting from other means, apart from overhead there just wasn't very much. The Agency didn't have much to tell us and frankly didn't tell us very much. A lot of what we saw was based on guess work but the key thing was that Saddam was very careful to eliminate any threat from within his immediate entourage by increasingly relying on his extended family and the so-called Takriti clan to provide personnel to occupy key positions in the government. They also kept themselves secure in Baghdad by making sure that there were always Republican Guard units close by that he felt were reliable and would defend him in case of need.

Q: During the war at all was anybody coming to you and saying: "All right this is what we want to do as far as beating the Iraqis in a traditional war. Can you give us some ideas of what we might do as far as targeting or anything that might weaken Saddam?" In other words you being sort of the political arm of the military operation, did that come into account?

McGHEE: No, really no. The military planning was done solely by the Pentagon. To our knowledge State Department was not consulted at all on this. The targets were picked by Defense through their normal reconnaissance means, mainly overhead photography. In all this planning, to my knowledge, the State Department wasn't involved at all. We had a general idea about when it would start but we didn't have any precise notification. I assume the seventh floor knew but certainly we down on the desk didn't know. We were not consulted on the military side of it at all. Certainly the decision to halt the overland advance after 100 hours was surprising. We thought it would go on for at least a few more days but that's been hashed over many times.

Q: I'm trying to capture the mood in the State Department for people who are looking at this. What was the corridor talk about this sudden cease fire?

McGHEE: It was a surprise that it came so quickly but everything was a bit of a surprise. As I think I said earlier, our biggest worry or concern on the military side was at that point when we had about 5,000 airborne and marines on the ground there. It was clearly

an inadequate force even with the Saudi army. There was concern at that point, early on in September, that the Iraqis would just keep going and catch us before we were ready.

The biggest concern about the shooting war was that it would be a difficult affair. The Iraqi army was well trained and it was battle hardened. They had been at war with Iran for eight years and so they were at least combat ready. We knew that Baghdad and other key cities and installations had substantial anti-aircraft forces including lots of missiles available so there was concern about loses in the air. I don't think that the Iraqi air force was a huge concern but it was out there too.

So it was with some relief and quite a bit of surprise that in the first, I forget exactly what it was, 24 hours or 36 hours of the air war there was not one plane shot down by the Iraqis. This was the first indication that it might turn out to be easier than we had feared. Of course once the ground war started, the Iraqis had at that point been demoralized by air attacks and they didn't put up nearly the fight that we had feared they would put up. The talk that I recall was, in particular, just surprise and great happiness over how fast and how complete the victory was with Iraq.

As I mentioned before there were these threats to Saddam that were developing. There were revolts throughout the country especially in the south and Saddam faced difficulties all along the way. It took a while before it became clear that he was going to hang on and survive all of these problems in spite of everything but that wasn't immediately clear. There was here and there the usual talk of we should have kept on going, etc., etc., but at the time my impression was that the people that had all the facts were not all that surprised that we stopped. We had always promised that we would stop and we essentially did what we promised we would do. The controversy, to the extent that there was some, came later when there were people who thought we should be doing more to help the rebels.

Q: How long were you there dealing with this issue after the cease-fire?

McGHEE: Until the end of June of '91 and then I had to leave to go on to my next assignment.

Q: The cease fire was when?

McGHEE: The beginning of February.

Q: Weren't events still unraveling as far as the revolt in the south and the Kurds in the north and all that?

McGHEE: Events were still unraveling fairly rapidly and of course once it was over there was intense discussion within the Department, at the UN, and inter-agency involving the NSC, over what terms should be given to the Iraqis. A cease-fire was a cease-fire. As these things gradually emerged you got the no-fly zone. The no-fly zone in the south was imposed immediately by the cease-fire agreement but it only referred to fixed-wing

aircraft so the Iraqis were still using helicopters in the south and they were an important weapon eventually against the rebels in the south.

There were other questions. The return of prisoners and the prisoner-of-war question was resolved fairly quickly but there were also a number of Kuwaiti citizens who had been ceased and trucked off to Iraq to god knows what fate. Although some of them were eventually returned others are either still in Iraqi hands or have been put to death. There has never been a really satisfactory accounting for number one, all of the Kuwaitis who disappeared in the course of the Iraqi occupation and number two, for the considerable Kuwaiti wealth, money, gold, furnishings, and personal belongings. Kuwait was very efficiently looted during the Iraqi occupation. All of this stuff was sent north and to my knowledge there has never been any satisfactory accounting or any return of anything that was taken on the part of the Iraqis.

There was a lot of discussion about how you go about setting up a regime whereby the UN or a UN agency would supervise the sale of Iraqi oil abroad so that the bulk of the profits went to paying reparations for the people, particularly the Kuwaitis but some others, who suffered material or bodily damages in the course of the Iraqi occupation. A modified version of this type of plan was actually put into effect by the UN last year to enable the Iraqis to sell some oil abroad so that they could buy imported necessities, food and medicine, but the overarching regime that we had envisioned immediately after the war was never really put into effect.

The other big concern was the Iraqi war industry and efforts to build various types of weapons of mass destruction. Of course there has been a long on-going effort by the UN led by Swedish Ambassador Akeus, I guess he has moved on now and someone else is running it, to locate these Iraqi facilities, to supervise the destruction of chemical weapons, warheads, and various types of long-range missiles, and to take facilities where research on either nuclear, chemical, or biological weapons was being done and either dismantle them or ensure that they would be used for some other purpose. That has been going on for seven years now and it is still going on. We are still not entirely satisfied that all of this has been accounted for.

Q: Right after the war was the cease-fire. Was there any stirring from Iran or were we fairly certain that Iran was going to sit back and sort of enjoy the fruits of other people's labor?

McGHEE: The Iranians complained and have continued to complain about the U.S. presence in the Gulf even though that presence is much reduced now. In terms of their behavior they were quite willing to stand back and let the coalition go ahead and do its work. No, the short answer is that the Iranians were not a particular problem during this period.

There is this Iraqi fundamentalist opposition group called the Mujahideen Jahedeennakalk. I think they are called and they did form a corps of opponents to the Iraqi regime. They were stationed then, and still are, on Iranian territory near the Iraqi

border. In fact I think just a day or two ago the Iraqis launched an air strike against the camps of some of these groups. They are still there. They did not get involved so far as we know in the war in any significant way. They're still there and they are still a symbol of the animosity between Iran and Iraq but the Iranians, at least during the Gulf War, kept these people under pretty tight control.

Q: From your perspective did you get any hint of any feeling of having defeated Iran's bitter enemy, maybe this might be an opportunity to see if we could engage in some sort of dialog with Iran at all?

McGHEE: No. Really there was no sign of any change on the part of the Iranians. I think it is safe to say that there were people watching for some indication that some change of that type had taken place but really there was nothing to suggest a change of heart by the Iranians and they were frankly at best neutral. They never took this as an indication that there should be more and better relations with the U.S.

Immediately after the Gulf War there had been this huge devastating earthquake in northern Iran. Many people were killed and villages were destroyed in isolated areas. There was a fairly large international relief effort that got under way and we decided to join that to see if there was something we could do too. We had plenty of military personnel in the region and lots of supplies there that had been sent to our military in the Gulf that were not now going to be used.

We did eventually send a shipment of blanket and tents aboard U.S. military aircraft that was flown to Tehran. The Iranians accepted the donation but they gave our air crew an awful time at Tehran airport. They insisted on them paying landing and fueling charges. Our pilot and crew had no means available immediately to pay these charges so there were threats that the plane was going to be impounded. Eventually a Canadian air force pilot who was there who was also flying relief supplies in actually paid our fees for our aircraft on his credit card and then we had just a hell of a time getting this poor man paid back. You would have thought that someone would have been grateful for the fact that the C-130 was saved and had gotten back to us but it took forever to get this poor Canadian pilot paid back.

The Iranians subsequently having received and accepted this shipment then proceeded to denounce it publicly: the blankets were old, they were full of holes, they were impregnated with disease, etc., etc. It was far more trouble than it was worth and it sort of died on the vine at that point.

We had also at one point considered sending them a shipment of MREs, meals ready to eat, but the MREs come packed in these huge lift vans and they are all mixed together. There are four kinds: pasta, beef, pork and beans and something else. There was no way to distinguish among them unless you picked up the little package and read it. We were afraid that the Iranians would simply denounce this as some sort of a plot if we tried to tell them to weed out the pork at the receiving end, so the MREs never went anywhere.

Q: You left this hot spot in June of '91. Where did you go?

McGHEE: I went to be one of the deputy directors in what was then EUR-SOV, office of Soviet Affairs. It was still the Soviet Union then.

Q: When did the Soviet Union cease to be the Soviet Union?

McGHEE: Just a few months after I got there. I arrived in that job early in July. I had to come over there early because the President was traveling to Moscow for a state visit with Gorbachev. At that point the main sort of tangible results that were expected were a series of cooperative agreements in the transport field and in developing low income housing and things like this.

The office of Soviet Affairs actually had five deputy directors: a senior deputy director who was John Tefft and then one for internal issues, one for external policy, one for economics and trade, and one for all the stuff that nobody else wanted to do. That last one was mine. They needed someone there at that time to supervise the finalizing of all these agreements that were going to be signed: there was one on space, academic exchanges. It was quite a long process. These things all had to be prepared in English and Russian and then the text had to be justified, compared and we had to make sure they all said the same thing in both languages.

It was a long process but we got the President off. He made his visit and it went off fairly well as I recall. The President came back and then after that Gorbachev went off on vacation to Yalta in the Crimea. He was seized down there during a coup attempt. This was in about August.

Q: So really you were just brand new on board?

McGHEE: That's right. There was a task force and so for three days or so everything was very touch and go as to whether this coup was going to succeed and whether Gorbachev was going to be hauled off and imprisoned or worse. Yeltsin was on a tank out in front of the so-called Parliament or white house and all of this. My job was running the task force during this period.

Q: What was the atmosphere? In the first place was there any indication from your perspective before it happened, was there any tip-off or any concern, and then what was our reaction when it unfolded?

McGHEE: Our immediate reaction was surprise and dismay. There was real difficulty getting a handle on it initially because it was not very clear who was in charge. I don't think it was even clear to the coup plotters who was in charge. We didn't have an ambassador there at the time. I believe that Matlock had left and Jim Collins was charge. He was in contact with some of the people involved in the coup by phone but in particular, of course, he was in contact with Yeltsin. At a certain point there was a phone call from the President backing Yeltsin and the notion of democratization. Yeltsin at the

time was I believe Prime Minister or President, I don't recall quite what his title was, of the Russian Federation within the Soviet Union but he really took charge and of course the coup collapsed. People came out in the street, if not in support of Gorbachev, at least in opposition to the coup.

Of course Gorbachev didn't fall right away. He came back to Moscow and was still President and head of the Communist Party for a time but it was clear that his credibility was really fatally undermined by these events. Gradually over the next couple of months, he gave way to Yeltsin. It was in this process also that various component parts of the old Soviet Union began to fall off.

Q: While you were on the task force was it more again a watching brief? Was there anything we felt that we could do?

McGHEE: Watching was a huge part of it plus we were scrambling around to stop various agencies from dispatching people off to Moscow helter-skelter. Our embassy there had its hands full. We had an open line around the clock with the embassy. Rosemary Forsyth who was my deputy on my shift of the task force was on the line virtually constantly. She was a real asset because she had just arrived back from Moscow so she knew everybody including who did what in the embassy so she could yell down the phone, get me so and so.

The other thing was keeping the White House, the secretary, and everyone involved closely informed on what exactly was taking place in Moscow and getting instructions to Jim Collins in a rapid and organized manner. Obviously we tried to get everything we could out by cable but there were times when events were unfolding so quickly that this all had to be done over the phone.

The other thing was press. There was a huge amount of press attention, obviously, and attention to the U.S. reaction. There was a real need to ride herd on the Department to keep people from talking through their hats. There was a lot of contact with the White House and the situation room there. It was very busy and it was very fast. Three days and that was the end of it.

Q: Here you had been dealing with one crisis and next thing you knew you were dealing with another one and you were trying to pick up information. You had Gorbachev, and then Yeltsin was coming up and we had sort of put our cards on Gorbachev. Was there concern about Yeltsin when you arrived because he had been portrayed at one time as sort of almost a clown or a drunk or something like that or did this change?

McGHEE: He has been variously portrayed as a drunk off and on, that was no secret. He had been mayor of Moscow and at one point rather close to Gorbachev but Gorbachev had unloaded him earlier that year or the latter part of the year before. Yeltsin had gone to this position in the Russian Republic government where he had a much lower profile but nevertheless he did come to the States earlier in that year in 1991. He was not invited to the White House or at least he didn't see the President and that of course was taken as

something of a snub. So there was this concern there that Yeltsin would be hostile, if not towards the U.S., at least towards the administration that was in charge at the time. In fact none of that panned out and if Yeltsin had been prone to pursue some kind of a vendetta it was just the speed with which events unfolded that precluded him from doing anything but trying to make the right decision which by and large he did.

Q: While you were on the task force did you pretty much sort out information that was coming in and getting it to the right people and to make sure our press office was saying the right thing?

McGHEE: That's it, yes.

Q: Was the CIA contributing much to this process?

McGHEE: Yes the CIA did contribute information at various times on who was where and what they were doing. There was plenty of information available. It wasn't particularly information that was of great help to us on the task force and it was always information of that kind where unless you know what the source is, the information itself is devalued. Of course we never knew what the source was so it was very difficult to tell in the confusion whether they had it right or partially right, and what parts were right and what parts were wrong. They did have some pretty good information that proved to be quite correct on who was where and what was going on.

Q: Did we seem to have a fairly good fix that the coup was not going to be a fait accompli; that it might not work?

McGHEE: It became clear fairly early on that there was going to be opposition in spite of the fact that there were some uniforms among the coup plotters. They had not done the spade work in terms of assuring that the key military units especially those around Moscow, were aboard for something like this. As it became clearer that not all of the military was prepared to accept that and that there was going to be at least some resistance from the population at large as well, then it became increasingly clear that the coup plotters were in trouble. This developed I would say in the first 24 to 36 hours that the extent of the coup plotters problems became increasingly evident.

Q: After the coup was settled what was your job after the task force was over?

McGHEE: My job remained essentially what it had been which was the deputy director in charge of all the things no one else wanted to do. Part of that was the consular function. We had a visa operation in EUR-SOV that was run by a senior civil servant, Gladys Boluda and I supervised that although it meant essentially doing whatever Gladys told me to do.

Another thing was this question of exchanges. Lots and lots of NGOs, non-governmental organizations, and also government agencies, NASA, NOA, Department of Transportation, Department of Agriculture, you name it every agency that had anything

going on in the Soviet Union wanted to get someone in there and start making connections with the new people if there were going to be new people etc., etc. We had to hold all of them off for a couple of weeks while things got back to normal in Moscow.

Basically we then had to establish some sort of control over the follow-on business because as countries started to drop out of the Soviet Union (the Baltic states, the Caucasus, the Stans, Ukraine, Belarus) they began to hold these referenda on the future for all of these countries and of course there was a real land rush to get in on the ground floor with all of these newly independent states. We had to make decisions about embassies, were we going to open them, how big are they going to be, etc., etc. Then we had to somehow maintain some control over this process of suddenly multiplying all of these cooperative projects that all of these agencies had, as to how they were going to go into these newly independent states and ensuring that it was done in an organized manner, to begin in a big way on the ground floor with these new countries but we also wanted to maintain some control over who was doing what and ensuring that in the rush to get out there that we didn't tread all over the Russians toes for example.

One of the things that I did was to oversee the EUR-SOV's participation in the process of identifying and implementing aid or assistance, sort of a presumptive new Marshall Plan for the former Soviet Union. Another was getting ready to send new embassies out to all of the new independent countries which was a long and convoluted process and it involved congress and getting money. The administration, by which I mean James Baker, had foolhardily, in my view, made a pledge to congress that he was going to staff all of these new missions, there were 15 of them, without requesting a single more additional position or any more money. He was going to find it all somewhere out there. Congress was perfectly willing to authorize virtually anything we needed and I thought at the time when I was dealing with them on this, that we should take what we could get while we could get it.

Q: What was the motivation do you think on Baker's part?

McGHEE: Of course I have never spoken to Baker but I sort of thought that at the time he was thinking about running for President and he wanted to demonstrate what an efficient hard-nosed administrator he was. What it meant was it just made everything that much more difficult. Positions had to be made free by disencumbering them somewhere else and then they had to be allocated among all of these new missions. It also meant that what we got out there initially didn't correspond to what was needed but rather to what was available. Obviously sometimes you have to do that but this was a case where we didn't have to do that, we just decided unilaterally to inflict it on ourselves.

Q: What was the ambiance or spirit of the European Soviet Affairs when it started to unravel? Was there concern that this was going to make things more difficult or this was a good thing because this was the disarming essentially of our mortal enemy for a long time? What were you getting from your colleagues?

McGHEE: I think there was concern that this was going to be a huge mess and in fact it

was a huge mess. There was concern that the Russians were going to try to resist these

independence efforts especially when Ukraine went. Concern also over the fact that every one of these new states had a sizable Russian minority that still looked to Moscow for leadership and just the sort of inertia that exists anywhere. It existed in Germany too, adjusting to a new situation where there was no longer an East Germany.

Think of all the people who had spent their whole careers worrying about the Soviet Union and suddenly there was no longer a Soviet Union. There was a lot of old thinking that had to be got rid of and certainly while I was there, it was not in any meaningful way gotten rid of. You couldn't even get people to stop referring to the Soviet Union and start referring to something else. I really wasn't there long enough to see the middle transition to the new situation.

In any event it was extremely chaotic. I don't mean to say that the office was badly run or anything like that, it was just a function of the situation. The situation was new and there were new and unexpected elements cropping up every day. Obviously our first concern was what was going to happen to the Soviet nuclear arsenal and that took up lots of time and lots of effort on the part of many people. Then trying to decide what on earth we could do for these people.

There was a lot of big talk about, as I said, Marshall Plans and new world order, and new relationships and things like that, but on a basic level there was no money to do any of these things. The agencies involved and even the NGOs were of course completely surprised by this and weren't ready to expand immediately into 15 new countries. The one organization that was quickest and most efficient in responding to this was the Peace Corps which managed to have people lined up and ready to go for that coming summer in I believe it was three countries. Plus they were fighting almost immediately in the Gladys Boluda so there was a lot of pressure.

Q: Having come from the Iraq-Iran business, were you at all concerned about Iranian influence or were you seeing this translated into concern about Iranian influence into what one would call the Stans: Tajikistan, Uzbekistan, Turkmenistan?

McGHEE: Actually the focus of where Iranian influence was of greatest concern was Azerbaijan. The Azerbaijanis have a long history with Persia because they are right there bordering the Caspian Sea. They have a substantial border with Iran and they have lots of oil. They were under attack almost immediately by the Armenians over Nagorno Karabakh and what have you; this long simmering ethnic dispute there in the southern Caucasus. There was concern that Iran would step in and stir up more trouble.

In the Stans, the Stans very quickly established good relations with Turkey. They speak basically Turkic languages out there and there was kind of a cultural link with the Turks. Also there was some resistance to democracy in the Stans which we were trying to turn around. In the case of Tajikistan which borders on Afghanistan there was overflow from the war in Afghanistan and almost immediately a civil war in Tajikistan. These were all

things that were of concern. The Turks got out there very quickly and we were right behind them along with the Germans and some others. I would say that the biggest concern with regards to Iran in particular was Azerbaijan and I think it still remains that way.

Q: Were there any other either events or issues that particularly concerned you? In the first place, how long were you with the Soviet desk?

McGHEE: I was there until February and then I had to go to German language training.

Q: This would be February '92?

McGHEE: That's right.

Q: During this time I take it you were just fairly well absorbed with just the details of the split-up of the major empire.

McGHEE: Very much absorbed and I in particular was absorbed with these kind of administrative and technical details. There was just plenty of work for everyone. There was lots happening, lots to do.

Q: Was there any sort of feeling of elation or anything, or is it just that this represented the end of the Cold War, or not?

McGHEE: I think that really the feeling was already there that the Cold War was over. I think there was a lot of concern that this was all just going to spin out of hand and that it was going to be impossible to control. There would be no one on the ground capable of controlling it and that the Russians were going to lash out. These were all real concerns and I think that any elation was pretty short lived.

Q: You left in February of '92 to go to German training?

McGHEE: That's right.

Q: How long were you doing German training?

McGHEE: Until the summer, July of '92.

Q: What job were you going to?

McGHEE: Initially chief of the external section in embassy Bonn although I fairly quickly was shifted over to be deputy political counselor. This happened because my wife who had been a Foreign Service secretary for a long time was selected to become the personnel officer. She went into a year of personnel training and at the end of that year she was to go to Bonn. That was laid on and so when I was assigned to SOV it was a one year assignment. With my wife's assignment, I immediately started looking for

something close by and in fact I found something in Bonn.

Q: You were in Bonn from the summer of '92 until when?

McGHEE: Summer of '95.

Q: As deputy political counselor what were your areas of dealing?

McGHEE: There was actually a long period in which I held down two jobs. I was still chief of the external section plus I was deputy counselor. As deputy counselor my job was to run the section. It was, and I think it still remains, the biggest political section in the world. At one point there were 28 people working there although I think the usual number is more like 22 or 23. There was a lot of coordinating and making sure people were getting things done on time; a lot of administrative headaches. I also had to continue running the external section which meant in particular Russia and Bosnia. I did that with the Germans almost constantly.

Q: Let's talk about the external relations and let's talk first about Russia. In the first place who was running the government in Bonn at the time?

McGHEE: Helmut Kohl and he is still doing it. He had been doing it for quite some time before I got there.

Q: What was the German policy towards Russia as we saw it at this '92 to '95 period?

McGHEE: When I said Russia, that is sort of short-hand for the entire Central European thing. The Germans at a very early stage were great proponents of expanding both NATO and the European Union eastward, NATO in particular. The Germans had their eye on bringing Poland into NATO because for historical reasons that we all know, they had this deep seated desire to get Germany off the NATO front line. From their point of view the best way to do it was to sign up the next door neighbor and let the next door neighbor be the front line. The Germans from very early on were big on bringing in Poland and the Czech Republic. Hungary was acceptable to them as a kind of afterthought even though it kind of floats out there.

One thing we did was to institute twice a year high level consultations on Russia and the newly independent Central and Eastern Europe with the Germans. They do one turn in Bonn and the next turn comes to Washington. We try to do them at the assistant secretary level or in any event very close to the assistant secretary level. These proved to be extraordinarily useful. Strobe Talbot came out and kicked them off.

Q: This was after the Clinton administration came in in January '93?

McGHEE: That's right, January of '93. The ambassador there was Robert Kimmitt who previously had been Under Secretary for Political Affairs and Kimmitt stayed on in Bonn into the summer of '93. The elections took place in '92. In that spring he wanted to put

together a list of suggestions; steps that his successor ought to take to move the relationship ahead.

Remember that things with Germany were new or at least under review as well because Germany had changed substantially and was continuing to change with the addition of Eastern Germany. The proposal that I made on behalf of the external unit of the political section was that we establish formal consultations on Central and Eastern Europe with the Germans given its ongoing importance to us and its specific importance to the Germans, and the additional weight that Germany now carried within Europe. That was approved immediately by Kimmitt's successor who was Richard Holbrooke and so we got cracking on it right away. Holbrooke is not one to let any grass grow under his feet.

Q: Looking at Germany during this time on relations with Eastern Europe and Russia and the former Soviet states, were there any areas where we were significantly divergent from the German approach?

McGHEE: No. I would say that in general we saw eye-to-eye with the Germans on all of this. There was the perennial eternal problem of who is going to pay for all of this. We let it be known that we would be happy to see the Germans to pay for as much as possible if they could. Burden sharing was our sort of umbrella term for that kind of thing and we certainly wanted the Germans to get in there and start sharing some burdens. For the Germans it was tough because they were spending billions of marks or dollars to rehabilitate Eastern Germany and they continue to spend an enormous amount.

The problem was compounded by the fact that when the two countries were united, Helmut Kohl had decreed that the East German mark could be exchanged for West German marks on a one-to-one basis. They created this kind of huge inflationary fireball in Eastern Germany to start things out and then of course productivity in Eastern Germany was so much lower than it was in Western Germany that it was clear that one Oest mark was not near anything like one Deutsch mark. The deed was done and inflation got a big kick and then lots of manufacturing and other enterprises had to shut down in Eastern Germany because they couldn't compete. There were lots and lots of unemployed even with all the make work schemes etc. that the Germans had. It was costing the Germans quite a bit more than they ever imagined to reunify. They just didn't have that much more money available to spend further east.

Q: Was there any concern in the political section in any discussions you might have had at all about German playing a disproportionate role, or maybe a proportionate role, in Eastern Europe and the threat that Germany might get too powerful and leaving the UK and France in kind of a secondary role, looking towards the future?

McGHEE: It was a matter of concern among the East Europeans who have these sort of tribal memories about the Germans etc. that won't go away or at least won't go away easily and of course with the influx of private German investment immediately after reunification lots and lots of companies like say Volkswagen went to Prague. Volkswagen bought up Skoda which was the old Czech arms maker and that later itself

became a car maker. Volkswagen began producing Skodas very cheaply, low labor costs, and of course other industries got the same idea. They had a highly skilled work force available in Prague and you could get them on the cheap. The East European, especially those that suffered so much under the Germans in World War II, were very concerned about the possibility that they would become beholden to, or dependent upon Germany.

I would say that even more concern about Germany's size comes from the other direction. In other words concern of the Brits, the French, the Italians and others that Germany would get so big that it becomes kind of a hegemonic power within the European Union, difficult for them to deal with and to get the type of say that they think they should have. Germany suddenly went from 60 million to 85 million and it was already the biggest country in the European Union but at least some of the others were within striking distance. Now Germany was just the giant.

Q: This was after the unification?

McGHEE: That's right, after the unification.

Q: With the Germans that you were talking to at the Foreign Ministry and elsewhere, was this a matter of discussion and concern of others?

McGHEE: No. I think that by and large the mood in the German Foreign Ministry was rather upbeat that Germany was now going to be playing a bigger and more important role in the world. It was viewed as kind of an opportunity by everyone in the Foreign Ministry.

Q: One of the things that has been said of a lot of countries, but particularly Germany, is that when it gets power it can be terribly insensitive to the reaction that this power evokes with other people. Did you notice any of that?

McGHEE: You heard about complaints about this kind of thing on the part of the Germans but I don't think that overall the Germans are any worse than we are in this regard.

Q: On the external affairs, how was the French German access at this particular point?

McGHEE: It was in quite good shape. When I got there Mitterrand was still alive and of course Kohl and Mitterrand had this ongoing affaire d'etat, affair of the heart or of the state, I don't know which, but they got along very well. They saw each other two or three times a year. There was no problem that they couldn't talk over and work out. The election of Chirac maybe made this relationship a little bit chillier at least on that personal level but the fact is that the Germans still bend over backwards to accommodate the French in many ways and keep this sort of access alliance going as the main crux of the European Union and it still is.

Q: What was the feeling in our embassy in Bonn and all towards the European Union?

Was there concern that this might get exclusive as far as the United States was concerned?

McGHEE: The U.S. policy has always been to favor European integration either via the EU or it's predecessors the EC, etc., etc. That remains our policy which is not to say there wasn't some concern down there about what it would mean for us if eventually, just to take an example, all of the European Union members suddenly had a single currency that was in size and volume, in reliability, perfectly prepared to take on some of the role that the dollar has always had in the world. These were questions that were of concern but they never really rose to the top because we don't operate that way. The crisis has to be tomorrow.

Q: What about on Bosnia, what were the events, problems, with regards to Bosnia during the time you were there?

McGHEE: There were two problems. One of them went back to the time of the breakup of Yugoslavia when the Germans jumped in ahead of everyone and recognized Croatia's independence and then subsequently recognized Bosnia rather forcing the hand of the European Community and of the Yugoslav's themselves. Actually they recognized Slovenia then Croatia and then eventually Bosnia. There was a lot of grousing afterwards that if the Germans had not jumped in there and done this that there might have been a negotiated solution at least between Croatia and Serbia. Be that as it may, they did what they did.

The next thing that happened of course was that the Bosnian war broke out. Yugoslavia fell apart, the Bosnian war broke out and then the initial reaction was that this was going to be a European problem. The Europeans had the WEU. They were at least ostensibly prepared to do something like this and so the EU voted to, in a sense, take this problem over. European troops were going to go in there and handle it and bring about the peace, separate the combatants, get a cease fire, etc., etc.

The Germans didn't join this force and so they sort of viewed all of the goings on with a kind of detachment because there were no Germans down there. As were we, they were highly critical of the way the European Union was doing this: they ought to be tougher and this and that. It was no embarrassment for the Germans because there were no Germans down there. The Germans didn't go until NATO stepped in and I-4 made it's first appearance. The Germans came in with some logistical help and they are involved in this now but I would say initially right out of the box they were rather detached about the whole thing and sort of viewed it philosophically you might say.

Q: When you arrived I think that things had already happened, but what was the word of wisdom of why had Germany recognized Slovenia and Croatia so quickly because this is often felt that this was not helpful at the time?

McGHEE: It think it was not helpful and it's something of a mystery why they insisted on doing this. The best idea I have heard in that regard is that it was sort of Hans Dietrich

Genscher who was then the German Foreign Minister.

Q: And the head of the FDP so he had a small political base of his own but always there.

McGHEE: That's right. Genscher really fearing that if Germany didn't do it first someone else would squeeze in ahead of the, and so the Germans wanting to lead the pack on this simply began the recognitions.

Q: When you were there, this is '92 to '95, NATO did not go in at that point. It went in a little later or did it go in when you were there?

McGHEE: The initial NATO force went in while I was still in Germany, I-form went in during my last year. Before that there had been a lot of activity surrounding this. For instance you know that during the war there were these various Muslim enclaves in Bosnia that were effectively cut off by the Serbs and were trying to hold out against Serbian pressure. We ran a long, and in my view, very successful air-drop effort to parachute supplies, food stuffs and medical supplies into these isolate areas. They got pretty good at hitting what they were aiming at.

Q: Were you at all involved in our trying to get more commitment from the Germans to assist in Bosnia.

McGHEE: Absolutely. When NATO voted formally to become involved in Bosnia we went in and pitched the case very hard that this was where Germany should stand up and begin making an effort in the political and security area that was commensurate with its size and its level of economic activity, which they weren't doing. Eventually this resulted in about 800 German mechanics and other support personnel going off to Bosnia.

Q: While you were in Germany were you seeing a change in the sort of political atmosphere particularly as regards to international affairs, within Germany?

McGHEE: No. I would say that the Germans became a little more assertive during this period and a little more active in areas outside of their normal sphere. I am talking about Kohl going to Asia and Africa and things like that that you just didn't see that often previously. Yes, there was an effort to be more assertive or at least to stand up and be counted on a range of issues.

Q: I am just wondering whether you saw any change because we have been so close for so long but mainly because the Germans have not tried to assert leadership in foreign affairs except when you get something like the recognition in Yugoslavia. I was wondering if we were beginning to hear that the relationship was going to be different?

McGHEE: I don't think so. Certainly not in any formal way that I am aware of.

Q: Our goals were pretty much alike anyway. You were there during the transition when the Clinton administration came in. Did you see any change?

McGHEE: We eventually got a change of ambassador but no, on the big issues there was no change, no appreciable change anyway.

Q: Was there any difference between the way that Robert Kimmitt and Richard Holbrooke ran the embassy?

McGHEE: Well of course Kimmitt was low key and very interested in detail. He studied hard for his meetings and wanted a lot of paper. Holbrooke was sort of a seat-of-the-pants sort of guy. He would take a look at your brief before he went in but then he usually had his own ideas about what he wanted to say. Needless to say his ideas prevailed but it would be difficult to conceive of two people who are less alike than were Kimmitt and Holbrooke in terms of the way they operated. But the job was what it was. I don't think that the policy itself in any major aspect changed substantially. No, pretty much it all just came over from Bush to Clinton unchanged. They wanted to do the same things.

Q: Within the political section, although you were dealing with external affairs you were also managing this large section, what was the feeling about Germany somewhat looking towards the future but even then the changes by this absorption of East Germany, was this making any difference in German policy would you say?

McGHEE: Other than the ones we've discussed which was that there was this somewhat timid effort on the part of the Germans to assert an influence more commensurate with their size, I would say nothing major.

Q: Were you keeping an eye on both the extreme right and the extreme left in Germany? Were they a force to be concerned about?

McGHEE: Some of the extreme left actually managed to slip into the Bundestag once in a while. We kept a much closer watch on the extreme right especially during those periods when it seemed Jewish synagogues, facilities, and buildings were coming under attack. We watched that and reported that very closely when it happened.

Q: But there was no concern that this was going to be a growing movement?

McGHEE: Not really that it was going to grow substantially but there was concern that around the fringes you could get these guys big enough to get over the five percent threshold in German politics and suddenly they would be represented in a bunch of places. But I would say that it was far from being an immediate threat. It wasn't something that was going to happen right away.

Q: You left the job in '95. Where did you go to then?

McGHEE: Rome.

Q: Rome. How many times now has this been?

McGHEE: Three.

Q: Three times that's maybe not quite a record but you were in Rome from '95 until?

McGHEE: '97.

Q: What were you doing in Rome?

McGHEE: Pol-mil counselor.

Q: Who was the ambassador during this time?

McGHEE: I forgot to mention that one thing that was going on in Germany that shouldn't be missed and that is draw-down.

Q: What do you mean by draw-down?

McGHEE: We went from about 270,000 troops when I arrived there to under 100,000 U.S. troops. This involved the closing of lots of bases and the consequences for local populations because the bases were big employers, etc., etc. The draw-down was a big deal when I was there.

Q: This was dictated from Washington I assume?

McGHEE: Dictated by hard money factors. Yes, this was something that Washington decided to do. The Germans had no qualms about it. They understood what was going on. Their only concern was to make it as painless as possible and so there was a committee set up. There were lots of advanced consultations before we would announce the base closure so that the local mayor would have a chance to pack his bags or whatever.

Q: A base closing in the United States is probably the most torturous process that we have in our entire political agenda. Did German politics enter into base closings at all? In other words, Kohl would say "don't close the base at Bitburg. Why don't you do it in Wertsburg" or something like that?

McGHEE: We never had anything like that happen. Although not from the federal level, but we got a lot of complaints from the vendor level over closure, some local ones but no overt accusations that we were somehow trying to help Kohl and harm someone else by the base selection.

Q: You managed to stay out of that can of worms.

McGHEE: All we needed was to have the local official forewarned when an announcement was going to come so that they could be ready to respond, that was the big concern.

Q: You are in Rome from '95 to '97 as political-military counselor. What were the main issues?

McGHEE: Bosnia, conditions under which U.S. forces would continue to use facilities in Italy, military reform in Italy and of course NATO adaptation and enlargement.

Q: Looking at these, let's talk about reform in the military. The Italians have always had conscription and the tendency seems to be more and more towards a professional smaller military. Was this beginning to take place in Italy?

McGHEE: The Italians would very much like to do away with conscription and have a professional all volunteer military. Italy remains the only NATO country that has no women in the armed forces and this is another thing that they would like to change. But they can't afford it. They don't have enough money to go to all volunteer. Plus there is some concern that they wouldn't get enough volunteers to fill the ranks. I think that is an exaggerated concern but that concerns them. The main problem is money. They understand that they would have to pay more and they would also have to spend more on training because the advantage of an all volunteer force is that you can teach them to do lots of things that you don't have time with conscripts to teach them to do.

Q: Were we pushing or were we there just as a resource to explain how we did it, from your perspective as political-military counselor talking to your counterparts?

McGHEE: Basically the Italians had a military reform plan called the new model for the armed forces but it had been around for three or four years at least and the problem had always been that it never got through parliament. It would get into committee, slosh around in there, the government would fall, they would have to start over again. When the Prodi government came into office in 1996 the new minister of defense was Benemin Andreota who was a very experienced minister, an economist who had done a stint as Foreign Minister. He knew his way around but he didn't know much about the military. He had never served in the military and he had never worked in the Ministry of Defense.

He had this plan and he was prepared to make a push to get it through but there was real doubts as to whether the plan would have the desired effect on the Italian military. If we do all these things will we get what we want in the end? Immediately after he became Minister of Defense in Italy, the first time he saw William Perry, who was our Secretary of Defense, he said to Perry "I've got this reform plan. You've been going through this reshaping of the armed forces for 15 years. Would you have someone take a look at this thing and then come out and discuss it with us in detail: where you think things are wrong, where you think things are right, see what there is in your experience that might be of help to us."

That's what essentially happened. This material was handed over to Perry in Rome and he brought it back. A couple months later, Fred Warner who was an assistant secretary of defense in charge of sort of manpower or organizational issues, and another assistant

secretary of defense named Pang who was in charge of manpower and personnel issues came out with a group of aides and spent two days in Rome consulting with the Italians on military reform. These consultations were repeated several times, and I assume they are still going on, aimed at addressing various aspects of the Italian military reform.

Q: How about Bosnia?

McGHEE: Holbrooke's peace efforts in Bosnia were just getting underway as I arrived in Rome in '95. Holbrooke was pushing very hard to get an agreement among the parties to the conflict there and of course they eventually ended up at Dayton. The decision was taken from NATO to go in. The Italians volunteered immediately to send a brigade to Bosnia with NATO and they did. They have to do some shuffling around because they need to have all volunteer units for these kind of deployments abroad. They do have three all volunteer units and they are trying to build up others as they go along but initially the Garibaldi motorized brigade was sent to Bosnia along with a number of other units.

There was just the usual amount of coordination. The Italians like other Europeans don't have sufficient air lift to move a brigade around and so we had to help them fly in part and then there was also chartering of aircraft. There were lots of movement in and out of Italian bases so that was very busy. Then of course later on, earlier this year in '97, the Italians went into Albania in response to the violence in the streets.

Q: You mentioned that you were having to deal with the status of American forces in Italy, was there another draw-down there?

McGHEE: No. In Italy, in fact, numbers had increased slightly mainly because of the Bosnia deployment and also because the fighter wing that had one time been stationed at Torrejon in Spain had ended up at Aviano in northern Italy and was supplemented by other aircraft and crews for the duration of the Bosnia involvement.

The concern here was basically due to the fact that we were operating under agreements that had been concluded in the 1950s. They were way out of date. Some of the facilities mentioned in the agreements didn't exist any more. There were annexes to the agreements that listed numbers of troops and many of them were so far out of date as to be laughable.

We negotiated an instrument called the Shell Agreement which was supposed to be a standard agreement that would cover each of the main bases in Italy; there are eight of them. Under this Shell Agreement there was kind of a canned sample language that fit into the Shell Agreement into which you could plug in the requirements of each individual base. You could come out with eight identical agreements that would cover what you could and couldn't do on all of these bases: who was allowed to be there and who wasn't, who you had to see to get special treatment, all of that spelled out.

The Shell Agreement was completed and we were in the very slow process of filling in these individual chunks that went in for each individual facility. It took a long time and

there were areas where the Italians wanted some new formulations to be added that the Pentagon wasn't very happy with, so it was a very slow process and it is still going on.

Q: Was this just sort of people getting together and you knew what both of you wanted to come out with and there were just differences in the details?

McGHEE: There were differences in the details.

Q: Was it difficult dealing on this type of thing when the governments keep changing all the time or does that go on despite the change in governments?

McGHEE: In general it goes on because of the fact that the negotiators are military officers. They are always there no matter what is happening at the political level but unless there is some push at the political level, these things tend to bog down.

Q: Were there any other issues that were particularly problems.

McGHEE: Not really, no.

Q: Maybe this might be a good time to wrap things up. You left in '97.

McGHEE: Exactly. I left the Foreign Service in '97, too.

End of interview