

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

AMBASSADOR OTTO J. REICH

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INTERVIEW

Q: Today is August 30, 1991. This is an interview with Ambassador Otto Reich being done on behalf of the Association for Diplomatic Studies and I am Charles Stuart Kennedy. Mr. Ambassador, I wonder if you could give me a little about your background-where you came from, your education, etc.

REICH: I was born in Cuba. I am a refugee. My father was also a refugee from Austria. When the Nazis invaded in 1938 he came out by way of Switzerland, France, the French Foreign Legion in North Africa. When the French surrendered he left on a Portuguese freighter and ended up in Cuba in 1942. He was very happy there until Castro came when we had to do the whole thing over again, this time with a family.

Q: When were you born?

REICH: 1945.

Q: And you left in 1960?

REICH: Right and settled in New York for a few months. Didn't care for it and moved to North Carolina. I went to school at Chapel Hill and graduated in 1966 with a degree in international studies, with concentration on Latin America. I then joined the army and was sent to the US Canal Zone where I spent two years. I decided at that time that I

wanted a little bit more academic training and applied to a number of schools and was accepted at Georgetown. I got a Masters in Latin American studies there with concentration on economic development. Then I went into business and government.

Q: Coming from your background, you must have had sort of two themes going through-- one, the Austrian and the other the Cuban. Did one predominate?

REICH: Yes. You would have to say that the Cuban predominated because...well, my mother was Cuban and all my living relatives were Cuban. My father was Jewish. Almost all of his relatives were killed by the Nazis. My father survived because he literally walked over the Alps in August, 1938 and escaped. But I was raised in a Cuban family, Cuban household. The only foreigner was my father and he was very adaptable. He had adapted very well. Of course he was very proud of his Austrian background and reminded me a lot of the character in "The Sound of Music" -- Captain von Trapp. He was an Austrian nationalist but very anti-Nazi and anti-Fascist. He was also anti-communist because he saw it as only another strain of Fascism. But in terms of the ethnic culture I was much more Cuban rather than Austrian. But as I came to the States at a relatively early age, 14, I was able to adapt very quickly. I guess coming from a long line of refugees you tend to adapt.

Q: Where did you come from within the society of Cuba?

REICH: Well, my father arrived literally penniless so we were not wealthy by any means. But he was very hard-working and built up a business. First he got \$10 from the Austrian Refugee Committee. This was right after the United States entered the war in 1942. The western hemisphere was just beginning to enter into the war, but there already was a committee set up to assist the people who had been trying to leave Europe. He got into the diamond cutting business and made a little money then. He tried a couple of businesses and ended up as a partner in a firm that imported Formica from the United States and made Formica furniture. I would put us very much in the middle class.

Q: Entrepreneurial middle class.

REICH: Right.

Q: When you came to the United States, how did you fit in? Were you part of a Cuban refugee group?

REICH: No, not at all. And I credit my parents for this. My brother and I were very young, he was even younger (11 years), and wanted to go to Miami with all the other Cubans, which is understandable as you want to go where you are the most comfortable. My father decided that there were already enough Cuban refugees in Miami. If he was going to do the best he could for his family, he was going to have to go some place else. We moved to New York. He tried a number of different jobs there...literally selling Fuller brushes and Hoover vacuum cleaners door to door. Then he got a job offer from North

Carolina, from another Austrian refugee who had settled in Cuba and known him. We were very happy there, in Charlotte, North Carolina. My father took a number of jobs there, the first one didn't work out. He ended up establishing a sales company selling electronic equipment, radios, record players, etc. He was a salesman all his life. He loved to sell, loved to talk to people.

So that is how I ended up in North Carolina, where I went to high school and then on to college. I decided, and this might be one of your next questions...How did I get into something that led to being an ambassador?...I was always interested in politics because my life had been affected by politics, by international upheavals. As soon as I was old enough to ask questions I wanted to know how and why my father ended up in Cuba. Why was there a Second World War? Why did my grandparents get killed by people called Nazis and who were these people? So I started studying history and politics and political science and also economics. I liked economics. I always felt that underlying a lot of this history was economic injustice. Those were the two areas I concentrated on-- politics and economics.

Q: Did you get any impression while you were in the military in the Panama Canal Zone about the comparison and contrast of the Americans and the Panamanians?

REICH: Yes, of course. You couldn't help it. I, by the way, joined the army because I felt, and I do not think this is a unique feeling among refugees, that this country had been very generous in simply just opening its doors. I probably would have been killed if I remained in Cuba, because I was raised in an anti-Fascist family and was opposing the government, as we had opposed the government of Batista before that. But there was a real difference there. -- and here I agree completely with Jeane Kirkpatrick -- there is a difference between authoritarian and totalitarian regimes, and I have lived under both. Batista, the authoritarian, left you alone unless you opposed him. Castro, the totalitarian, didn't leave you alone unless you supported him. I would have definitely been in real trouble.

So, I joined the army because I felt I owed the United States that and a lot more.

I was very fortunate to be sent to Panama. I asked to be sent to Panama because of the language. I didn't want to be sent to Alaska or some place where anyone else could have taken my place. I would have gone to Vietnam if I had been assigned, this was 1966-67, but fortunately I didn't go. I wasn't particularly anxious to go to Vietnam, not that I didn't think we were doing the right thing, but I thought I could contribute more in a place where I could use my language and knowledge of the society.

When I got to Panama I was put in a job that the army called Civil Affairs, which is political/military relations, dealing with the people. It was extremely interesting because our unit was very specialized and dealt with both grassroots development, with the very poorest people in the country, as well as the top policy-makers. For example, I met people like Omar Torrijos who at that time was a major. I met him before he launched his coup. One of my jobs, because of my Spanish, was of liaison with the then-called Panama

National Guard, later called the Panama Defense Forces and now called the Public Order Forces.

The job was extremely interesting but did put me in contact with people who had literally nothing. For example, one project that I remember was with a number of very poor Panamanian peasants who had settled within the artillery impact range. The Panama Canal Zone was 500 square miles, a lot of territory, and we have jungle schools and a number of things there where the US Army practices tropic survival, maneuvers, etc. One of those activities was learning to fire in tropic conditions and there was an artillery impact range which seemed to some peasants walking around looking for land to plant, like a very nice place. But, of course, it was also very dangerous. So these people squatted in that land.

My unit had to go to work with the families and the civil authorities not only to move them out...we didn't want to just evict them, we could have opened the gate and thrown them out, but we don't do that. What we did was to work with the Panamanians to find them some land, help them build houses. We didn't build houses for them, we supplied technical assistance and materials. We very much believed that they had to build the houses themselves if they were to have any pride in them. We found in the process that these people were totally ignorant and in very poor health...there was 100 percent anemia as well as intestinal worms among the children. So we brought in doctors for the people, and vets to treat their animals, Public Health people to help them dig sewers, build a water supply system and things like that.

That was one of the things that led me to go and get a Masters degree in economic development. I figured that this wasn't the way things should be, but at the same time I tried to keep the big picture, because you can get traumatized, which I think happened later to many of our Peace Corps volunteers. Those who had come from wealthy to upper middle class backgrounds and would go to Africa or Latin America, to a little village, and encounter the same conditions that I have just described. They would be traumatized and say that this was a terrible injustice, and it is, but they would blame the wrong causes, in my opinion. I always felt that the way to deal with the issue of economic development, social justice, etc. was through more freedom and not collectivization and the communist system which today we see falling apart, fortunately. Free enterprise, individual initiative, with the involvement, of course, of the state. You can't leave the government out. We, in fact, were a state. We provided hammers, boards and nails to those peasants. Without them they wouldn't have had a house. But without their own individual initiative they wouldn't have worked either. So that is a little aside.

Q: You got your Masters degree and then what did you do?

REICH: I got my Masters at Georgetown in economic development.

Q: When was that?

REICH: I started at Georgetown in January, 1970 having been discharged from the army in November, 1969 after three and a half years. I finished my Masters in 1973. While I was here I did a couple of very useful things. I took advantage of the fact that Georgetown geographic location.

Q: By the way for the record this interview is taking place at Georgetown University.

REICH: I got a job on the Hill, the lowest level staff worker you can be in a congressional office, what they call a case worker. I was given additional responsibilities later on as they felt they could give them to me. That was a very interesting experience because that also taught me not only how the Congress works, but a lot about the American people and their elected representatives, and how the executive branch works because I had to work with people in the executive branch to try to solve problems for constituents of the congressman I worked for.

Q: Which congressman?

REICH: His name was W.R. "Bill" Hull, from Missouri, the 6th district. He is now deceased. He was elderly even then, back in the early '70s. I did a few other political things.

I then considered myself a member of the Democratic Party. I have since gone through a long process of self-criticism, as the Marxists would call it, and came to the conclusion that I was not a Democrat and subsequently, by the late-70s, became active in Republican Party politics.

Q: Where were you working and where were you being active?

REICH: Well, in early '70s, as I said, I was in Georgetown, in graduate school, and that took the first three years. In 1972, through some friends of mine in the Democratic Party, I got a two-month job working for the Party during the campaign of Senator George McGovern. That contributed, frankly, to my disillusionment with the Democratic Party and with politics. I decided that I needed to leave Washington for a while.

So I moved to Miami to join my former army roommate while in the Canal Zone who had opened up a business in Miami, importing seafood from Latin America. He thought there was a need for an export side of the business. I went down and started doing the export side of that company but we ran into financial difficulties because he had bought a large quantity of seafood at a time when the price was very high and the price dropped. So we learned very tough lessons about supply and demand, prices, and the free market system. I believe in it very much, but we weren't very good at it at that particular level of business. I spent over a year working there and it was the equivalent, in my opinion, of getting a Masters degree in business administration, but studying the wrong cases. I learned what not to do.

Q: That is the best way to learn.

REICH: Well, I suppose, yes. I certainly am not going to repeat those mistakes. But it was very, very interesting.

While there I met a lot of people in Florida in import and export, etc. The State of Florida Department of Commerce offered me a job while I was still working for the seafood company. I decided that it would be interesting. I was promoting Florida trade and industry all over Latin America. I traveled around Latin America, which was fun. I was single so I didn't have to worry about being away from my family. I put on export seminars and trade shows for Florida and tried to attract investment to Florida. This was 1975.

The City of Miami then started an economic development program through some grant block money they got from the Federal Government. They set up an economic development office and I was hired to be the economic development coordinator for the city, to do the same international promotion but also added domestic economic development work.

Only a few months after I was in that job I got a call from the Council of the Americas, the Washington office of the Council, with which I had contact while in graduate school. The Council of the Americas is a non-profit trade association of about 200 US corporations that represent most of US investment in Latin America--big companies. They were looking for a deputy director for the Washington office. I turned it down then because I had recently started the City of Miami job.

By then I had gotten married and told my wife about this call, and after talking with her I realized that I had gotten away from my academic field of Latin America and economic development. I had gone into business, worked in trade promotion and was getting into domestic, urban, economic development work. That was very interesting and very important, but really not my field. So I called the Council back the next day and asked for a little more information.

To make a long story short, they offered me the job, and in 1976 I moved back to Washington. A year later the man who was head of the office left, and I was made the head of the Washington office of the Council which is based in New York, and is pretty prestigious. It was founded by David Rockefeller back at the time of the Alliance for Progress. I was responsible for executive branch relations, lobbying and all Washington activities, I made a lot of contacts at the time.

The Carter Administration then came in and I started getting quite concerned about our foreign policy, particularly in Latin America. I didn't think the Carter Administration was competent. I saw what was happening to the United States around the world, as well as domestically. That accelerated my desire to become active in Republican Party politics, at least do something to change the direction of the country. Through some friends, I joined the Bush campaign as a volunteer. I thought George Bush, of all the Republican

candidates at the time, was the best qualified. When Ronald Reagan defeated Bush in the primaries, in 1980, I had been working with Bush for about six months, the Reagan people reached out to most of the Bush people...you'll recall Jim Baker, Bush's manager, was asked to join even before Bush was picked as Vice Presidential candidate...and lower echelon people like myself were asked if we wanted to contribute to the Reagan campaign. I said I would. Then Reagan was elected and several months after that I was offered the job as Assistant Administrator of AID for Latin America and the Caribbean. This really was up my alley. It was what I studied, what I got my Masters degree in.

Q: Before we get to that I would like to ask you a question about the Council of the Americas. You know in the academic world, and I am sure you ran across it, the impression that a general person has, is that American business in Latin America has tremendous influence on our policy...one thinks of United Fruit, AT&T, the oil companies, etc. What type of influence did they have?

REICH: The influence is greatly exaggerated. I know that the perception is that these big multinational corporations have great influence. I have been in a position to know inside and out because I was later in government. I can tell you that the business community gets a fair hearing, but so does the labor. In fact, I would say labor probably has more influence in government. And so do the other sectors of our society. I don't think the business community has any more influence than any other sector. It is just that people focus on it because they think that it has an inordinate role. There are more articles written about it.

Frankly, I was there at a very interesting time. That perception that you describe was so strong--that is, that the multinational corporations exerted, not only a great influence, but a nefarious influence over US policy. And they focus, by the way, on two or three cases which in my opinion are the exception and not the rule. The ITT case in Chile, and on the United Fruit Company, which really dates back 50, 60, 70 years now. They were real, but you are talking about hundreds and hundreds of corporations over a period of now over a century of involvement in Latin America. The examples of egregious behavior are very few. It is true that they influenced. People do try to influence the behavior of any government that rules over them. In a democracy they do it through established institutions, in other cases they use other means.

It is true that some of these companies did do the wrong things. But most of them were good corporate citizens. They contributed, through taxes and employment, a great deal to the economic development of Latin America. In fact, there have been books written by Latin Americans...not just Americans, justifying their investment. In fact, North Americans tend to be more critical of the involvement than many Latin Americans. Because North Americans look at it from a distance. You have books like "Bitter Fruit" that criticized the involvement of US corporations, but there is another side of the story which is the one that shows that the technology that has been imported in Latin America has been brought by American corporations. Safety and health standards have been improved by American corporations. Unfortunately, the local entrepreneurs tend to be

much less concerned with health and safety and education and those aspects of work than do the foreign investors.

The foreign investors are more concerned about their image as foreigners and feel they want to do something positive. Plus, they transfer the same management methods that they have in the United States down to other countries. Usually, you don't find people trying to get away from their responsibilities in Mexico, say, that they have in Minnesota. They do tend to treat the workers in the same way there as they do here. When an American company settles into a country, you have an enormous amount of demand for those jobs. The average worker would much rather work for an American corporation than for a local corporation.

Going back to the perception issue, there was something that doesn't even exist any more, the Senate Foreign Relations Committee had something call the Multinational Corporations Subcommittee. A subcommittee was formed just to look into these abuses, real and alleged, by multinational corporations. The '70s was a very difficult period for corporations. There were some abuses, by the way, by those people looking into the abuses--abuses by the investigators. I think that is one of the reasons the subcommittee no longer exists. But there were some real abuses uncovered and I think even those companies who were not guilty of them became much more conscious of their social responsibilities, their corporate responsibility. But even before that, I remember the Council of the Americas did a survey, which was my idea, surveying the Council member companies asking them if they could give us examples of what they were doing socially that didn't have an impact on their bottom line, or if in fact it did have an impact it was a loss. It was amazing how many corporations were involved in setting up dispensaries in far away distant regions of the country where they felt they had some impact. They were the only entity who had the resources to do something like this. They set up schools, had scholarship programs for the children of their employees, etc. We are talking not of a government but corporations whose principal interest is staying in business, making a profit. But they were using those profits to do some very useful things. We can get into the argument that they were exploiting this and that, but the fact is that I think it has been pretty well proven that they were not exploiting.

In fact, as a student of Latin American economics, I can tell you that the Latin American countries themselves have been a victim of the perception that these countries were exploiters, because when they acted on that perception. For example, the Andean Pact in 1970 passed a very restrictive foreign investment code in the belief that these corporations were rapacious but would invest anyway because they were making such enormous profits. The fact is, they made such marginal profits that when that restrictive investment code was passed, there was *zero* foreign investment in some of those countries for many, many years, until the Andean Pact's Decision 24 was repealed in 1976. Countries like Peru have never recovered from that particular action.

This affects US foreign policy. It affects the perception of US foreign policy by the American people, the Congress. And it is something that deserves a lot more study by a

lot more objective people. A lot of scholars, frankly, have gone into this with real prejudices. They have gone in to prove that these corporations were bad. And you can use statistics to prove almost anything you want.

Q: When you arrived at AID in 1981...there seemed to be a particularly bloody transition in personnel, as compared to Near Eastern, Asian, European Affairs. It seemed that a lot of ideology went over to the ARA side which was not evident elsewhere. How did you look at the transition?

REICH: First of all, I can't tell you first hand because I was not part of that early transition period. I can only tell you from hearsay or secondhand information. In my opinion what happened, having worked for Bush before...it is interesting because just yesterday I was speaking to a former colleague who is now at the White House about that election and that transition and telling him that the collegiality that existed prior to election day seemed to disappear the day after election day. There was this very aggressive competition for the top jobs that were going to come up. I don't think out of greed, but out of a desire to be in a position of power. A lot of people, like myself, were simply left out. I was not asked to participate in a transition team. So I missed a lot of that blood-letting that you are talking about. But I did watch it closely, and a lot of people that I had worked for were in the transition.

I think what happened was that the Reagan people felt that they had some scores to settle, plus there was some genuine shock at the actions of the Carter Administration in Latin America and also around the world. Let's face it, 1979, for example, was the year not only of the Soviet invasion of Afghanistan, but the fall of the Shah, the Sandinista victory in Nicaragua, the takeover by Maurice Bishop in Grenada. It was a disaster for United States foreign policy. And a lot of the people in the Reagan team felt that the Foreign Service had not acted in a strong enough manner to stop some of these Carter blunders.

Some, I think, ideologically sympathized with the Carter Administration, but in my opinion, because I know most if not all of the people who were involved, by the end of the Carter Administration they were in a state of shock. I know for a fact, and I won't mention any names, but some of them were trying to stop some of the actions of the Carter Administration. By that, I mean trying to set the policy back on the right track. The right track meaning one that would service the interests of the United States and not lead to disaster such as the Sandinista victory in Nicaragua. That, and the Salvadoran coup later on in October, 1979 and the Maurice Bishop overthrow of the government in Grenada in March, 1979 really energized a lot of the conservative foreign policy community. People were wondering what was going on. What was the Foreign Service doing? Why weren't they raising alarms? And, frankly, I have to say in all honesty, some of the Foreign Service people in charge did not help their case. They made statements as late as October, 1980 that apologized for the Carter mistakes.

That month I organized a meeting of the Council of the Americas, on Central America, which was very well attended. It was at the International Club in Washington. Over 200

corporate representatives came. The career Foreign Service people in charge of our policy were vehemently defending the policy. The policy had failed and I don't see how somebody could defend what was going on in Central America. It was going up in flames. It was not good for the people of Central America.

So, yes, there was a group of people who came in...who came in for ideological reasons, or for others...I think there were some personal reasons involved as well...and did a house cleaning in the ARA Bureau.

Q: When you came over to work on Latin America in AID, how did AID fit in the Department in the ARA Bureau?

REICH: I started Labor Day weekend. In fact it was exactly ten years ago this weekend. It was Labor Day weekend of 1981. So the Reagan Administration was already several months old...the reason it took that long was my credentials, perhaps...I was not right wing enough for some people. When I was finally cleared, they realized that they needed people who had more than just ideological credentials but other credentials. By then, also, Tom Enders had been the Assistant Secretary for several months. He was a very strong personality and had basically taken control of the ARA Bureau. My job was to deal with Tom Enders, but I also had to deal with my own chain of command, Peter McPherson, who was the head of AID...all of my colleagues in the other foreign policy or other agencies like OMB, Treasury and others who had some relationship to the economic development work. Part of my job was sort of diplomatic, trying to find the most support for our foreign economic policies and find resources for them as well. There is a constant battle for resources in the government.

I benefitted from the fact that Ronald Reagan and George Bush--- by the way...we shouldn't leave Bush out, he has always been interested in Latin America and his actions as President have more than supported that...he has been very interested in Latin America --- both Reagan and Bush were making a lot of statements about the need to not only get involved in Latin America to stop communism, but to deal with the causes of the social problems in Latin America. We all recognized that, and I frankly think it is pathetic that opponents of the policy keep saying that all the Reagan Administration wanted to do was to stop communism and put right wing governments in power. That is simply false. It didn't happen.

In fact, we were supporting the reformers. Napoleon Duarte, for example, in El Salvador. He was tortured and thrown out of the country because he was seen as a socialist. We had well meaning conservatives from the United States and Latin America coming to us, to me as Assistant Administrator of AID to argue against helping Duarte and other centrists. (and I later paid a political price for it, almost didn't get confirmed as Ambassador because of the actions I took as Assistant Administrator of AID in supporting social programs, such as the land reform in El Salvador, which I think were very much needed).

These programs were not socialist, in my opinion, they were not collectivist programs. They were programs designed to break up the huge land estates...El Salvador had the most skewed land tenure system in all of Latin America. Most was owned by ten or twelve families. We were not doing it to be nasty to those people, it was the fact that there was real social injustice, poverty and hunger in that country. And it was not going to be resolved until the land tenure system was dealt with.

So a land reform program was designed in three stages that included one that was called "land to the tiller", which was designed to give land to the person at the bottom rung of the socio-economic ladder land. I will never forget going to El Salvador later on , and going to some of these farms and having people practically kiss my hand when they realized I was the faceless person in Washington who had supported these programs. The people they associated with the program were those who were on the ground...for example, farm extension service people we had hired from Puerto Rico, or AID people in the mission, or experts from Washington that we had hired.

I remember one peasant putting his arm around this Puerto Rican extension agent who was working with him as part of our land reform support group, saying, "God sent us this man." This man was helping him to become a self-sufficient entrepreneur instead of just a farm hand. These were the kind of people who literally didn't have enough money to put shoes on their children's feet. They were share croppers who owned everything to a local landowner. Here the United States comes along supporting an indigenous land reform program. It is not a program that we instituted. This was the government of El Salvador's program. We were supporting that program and it was the right thing to do.

Later on, by the way to jump ahead a few years, when I was nominated as Ambassador, Senator Jesse Helms, who always philosophically opposed the land reform program and still does, held up my nomination for quite a while, to the point where Senator Richard Lugar, who was then the Chairman of the Foreign Relations Committee, had to intervene at the request of the White House. I had known Senator Lugar, we had worked together on a number of things. He held hearings on my nomination over the objections of Senator Helms. That was the only reason I became an Ambassador.

Q: Can we talk a bit about Senator Helms, because he is a very important figure, particularly in Latin American policy. Conservative Senator from North Carolina. What motivates or has motivated him in this type of thing? Is it his staff?

REICH: He has a very...when I say has, by the way, I am speaking historical times, back in the 1980s...I had many dealings with him and his staff. First, to be confirmed as Assistant Administrator for AID I had to go before his committee. He tried to block my nomination as Assistant Administrator for AID because when I was the Washington Director of the Council of the Americas, from '77 to '81, the Council of the Americas had supported the Panama Canal Treaties.

I told you I had served in the army in Panama and I knew the United States could defend its interests in a Panama canal while giving back to Panama the 500 square miles of territory and the sovereignty that it controlled. I had read a lot of historical documents, I read books while I was in Panama about its history. In fact, the treaty that ceded this land to the United States said that the United States had these rights "as if it were sovereign." That phrase, by the way, became almost like a bloody shirt that was thrown back and forth between the opponents and the proponents of the Panama Canal Treaties in the '70s. I was right in the middle of that. That was when I was in charge of the Washington office of the Council of the Americas...The Council, as I said, was probably the most conservative organization that supported the Panama Canal Treaties. In the view of other conservatives, that made it a leftist organization, which of course is laughable. But the Council supported the Panama Canal Treaties for the same reason that I personally had supported them, which is, as I said, I felt the United States could defend its legitimate interests in the operation of the Canal, maintain the Canal open, operational and neutral, which was a bit of a catch phrase at the time, and have good relations with Panama and the rest of Latin America.

Latin America really did support Panama's claim to this territory. And frankly in retrospect, here we are in 1991, 14 years after the signing of the treaty, and I think our interests are very much protected and our relations with Latin America have never been better. Not just because of that, but I think it helped.

So, Jesse Helms tried to block my nomination, Frankly caused me a great deal of difficulty, to the point where I went to Peter McPherson, who was then the Administrator of AID and offered to resign, I had been brought in as a Special Assistant to McPherson while the nomination process was going through the clearance process. McPherson refused. He was very principled and decided this opposition to me was not only wrong but unfair. When I was nominated, there was a real campaign against me. They said I was too liberal because of the Panama Canal position and because I had also been in the Democratic Party...remember I had been a Democrat and had worked in the 1972 campaign. I never hid that. I listed that in all of my White House personnel papers.

When I offered to resign McPherson said, "No, you are the right man for this job. The White House thinks you are the right man for this job. We are going to stick by the nomination, if you are willing to withstand the heat." I said, "Yes, I am." So we went forward with it and got people like Jeane Kirkpatrick, who had known me and with whom I had worked within the Reagan campaign, after the Bush campaign. She called Jesse Helms and said, "Look, I know Otto Reich. He is a refugee from communist Cuba and very anti-communist. It is true that he was a Democrat, but so was I, and so was Ronald Reagan." So she, and other people, convinced Helms, and he relented...I'm sure it was something he regretted later on when he found out I was supporting the land reform. I had a lot of dealings with him and his staff through hearings on the programs.

Q: Did you find his staff to be zealous?

REICH: Yes. And I say this by the way, and it may not show in the transcript--I am saying this with a smile on my face, because people like Chris Manion knows...he and I have had long discussions. He was the principal staffer with whom I had to deal with, but he has others who are real zealots on this subject. And, by the way, very intelligent and very dedicated people, but philosophically totally opposed to some of the things that the Reagan Administration was doing. We used to drive them crazy. I would come to the hearings with quotations from Ronald Reagan on these subjects, to prove it wasn't Otto Reich dictating policy. Later on in my hearings for ambassador, I reminded Senator Helms that on January 3, 1981 when he was still President-elect Reagan, 17 days before his swearing in, Ronald Reagan said that he would support the land reform in El Salvador. It was true, and it would drive the Helms people crazy because they were trying to show that here was the government run amuck. It wasn't just the career Foreign Service people. But now they had co-opted even the political appointees. Look at Otto Reich. He had a pretty good record, although we knew he was soft on the Panama Canal, but they co-opted him.

What I was pointing out was that this was Ronald Reagan's position; the position of the Secretary of State, Alexander Haig and then George Shultz; the position of the AID Administrator, of course, they also thought McPherson was soft and he had a lot of problems with Helms on other issues--the population program and things like that.

We pointed out that real Americans like Douglas MacArthur had helped to democratize a country like Japan through programs like land reform and that we could do the same thing in Central America...or help the Central Americans do this thing for themselves...but they needed resources.

So it was a good philosophical battle. But it did have its ugly side to it. In fairness to Senator Helms, let me say for the record, the Administration did not do a good job of answering some of his real concerns about the land reform. I have to say that it was not until my nomination as Ambassador to Venezuela that some of these questions were answered. Because when he held up the nomination, and after Senator Lugar held hearings on me, Helms came to the hearings and asked a lot of questions, which he has the right to do, and then gave me a set of written questions, which is one of his ploys, by the way. In my case it was a small number of questions, not 150 like he asked other people. But they were good questions, and they had not been answered. Frankly, I was in a bit of a shock to find out that these questions from Helms had not been answered, by either my Bureau when I was Assistant Administrator, by my successors or by the State Department. So I asked McPherson, who was still Administrator, to give me a couple of people to go through the files and find the records to show how we had supported land reform in the free market way that Helms felt the US should support. Helms thought we had supported a collectivist program. What we had supported was the "land to the tiller" program, with titles to the land. The peasants were to be the owners of the land, not the state, and not a collective. That seemed to satisfy Helms, when he saw that we had worked hard in 1981, and '82 and '83, and successfully, to make this a free market and a democratic land reform, not a socialist land reform. Helms was absolutely right as a US

Senator to exercise oversight over these programs. It had been our mistake, perhaps based on arrogance and exaggerated views of executive privilege, to deny him the information.

That is not to say that Helms didn't like to harass executive branch nominees, or use them to prove a point. One question was, "Please list every meeting, with dates and places, you have ever attended in the US government where land reform was discussed." Now, that question is impossible to answer because as Assistant Administrator for two years I attended meetings every day. I had a daily staff meeting and every day some aspect of land reform was discussed. That was a harassment question, so I answered it, and I am surprised he accepted it, by saying something like: "Between September 4, 1981 (approximately my first day at AID) and the time I was nominated Ambassador to Venezuela I attended every meeting where land reform was discussed when I was in Washington plus meetings in El Salvador when I was in the field." I answered it a little more articulately than that, but he accepted that answer. I was being truthful. I discussed land reform every time the subject came up. We also discussed a lot of other things. We weren't obsessed with land reform in El Salvador, but that was the object of his questions. We had, unfortunately, to deal with many other crises at the time.

Q: While we are talking about land reform, was it limited pretty much to El Salvador?

REICH: Land reform was limited pretty much to El Salvador, although we had smaller programs in countries like Honduras. Another little anecdote which I never will forget because it brought tears to my eyes: I made several trips to Honduras. There was a land title ceremony scheduled which our mission in Honduras had delayed until my visit, to give it a little more pizzazz. They held this ceremony, where we actually gave the titles to the new owners, the peasants, in a town deep in the interior of Honduras. We flew up near there and then took jeeps to the small town. We went into the government building on the plaza where the men, and one woman, who were to get titles to land, waited. There was the American flag and the Honduran flag, a Honduran official and myself who gave out the titles. It was an emotional thing to make these people owners of the land they had worked for many generations. I particularly remember the woman; she was carrying a baby in her arms. I don't know if she was a single mother, a widow, a divorcee... As I gave her the title to *her* land, I couldn't help but imagine how hard life must be for a young female in a "machista" country and how much this piece of paper must have meant to her. I was proud of my country, of AID, and of the legislation which enabled us to help these people in far away countries to help themselves. As she took the title in her one free hand, I looked at her face and at the baby in her other arm, and I hope that no one could see that my eyes had clouded over.

So, we had other programs, but El Salvador was the heart of land reform and the most controversial. There was no controversy in Honduras because the land was purchased by the government. In El Salvador, since most of the country was in the hands of the landowners, there was no way to purchase it. The government expropriated it and then there arranged for compensation.

By the way, the issue of compensation was another problem that Helms had. That is very complicated because it clashes with his understandably strong feelings about the sanctity of private property.

Q: What about population control? This was a major issue, not only in Latin America, but elsewhere. The Reagan Administration seemed to be taking a kind of right turn from what had been the idea that you needed some kind of birth control in some of these third world countries.

REICH: You know, it was not an issue, at least not in my Bureau. We had population programs, education and the actual distribution of birth control devices. What helped a lot, I think, in our part of the world was that the Catholic Church had finally decided that their position could be defended on a religious basis, but the result, the actual concrete result of the policy was a population growth rate that was threatening the very survival of the people. They basically looked the other way. For some reason, the other opponents of the policy focused on Asia, on China and didn't focus much on Latin America. We continued the programs.

We did, however, include the natural rhythm method of birth control as one of the options that would be taught. That seemed fine with me. If it contributes to the end result then it is fine. What some did want to do, though, was to completely eliminate the distribution of birth control devices and replace it only with the teaching of natural ways. In countries where there is nothing to do but have babies, that is not going to work.

Q: Did you have any great problems in your AID job that you had to deal with?

REICH: Problems? It was an enormous amount of fun. I have to say if we hadn't been fighting a war in Central America...one that I wanted to get involved in and other people wanted me to get more involved in...I probably would have continued in that job for a longer time.

There were management problems, of course. A lot of personnel problems. I was managing 860 people. It is amazing how many personnel problems can emanate from a small group of people. I later found this out in my embassy where I had only a third of the number of people and just as many problems. I think being overseas does contribute to personnel problems. Battling the bureaucracy was a problem at AID. Trying to establish a modus vivendi with my AID colleagues--mainly Tom Enders who was a very strong-minded person. For example, under the Caribbean Basin Initiative AID had an important role to play. We had, of course, all of the responsibility for the aid component was an additional \$350 million, which is not peanuts.

Just to give you an idea of how important that \$350 million was, when I took over as AA, (Assistant Administrator for Latin America) the budget we were working with was the last Carter budget, (1981) which was \$440 million for *all* of Latin America and the Caribbean, including the special supplement for Nicaragua (when the Sandinistas came

in, the Carter Administration gave them about \$110 million to try to show we were friends). If you take out the Sandinista component, that left a regular budget for all of Latin America and the Caribbean of about \$340 million. So the CBI supplement alone exceeded the entire budget of the previous year.

I helped to manage not only a doubling, but what turned out to be a quadrupling of aid for Latin America from that Carter budget of \$440 million. We ended up three or four years later with about \$1.6 billion for Latin America. We had to do that with fewer people, because Reagan came in determined to cut the size of government and there were some across-the-board cuts that affected everybody, even those of us who had additional financial resources to manage. I had my staff cut several times.

It was a management challenge, but very enjoyable because you knew you were on the cutting edge. It was the fun bureau to be in the early '80s. Africa had taken the resources in the '70s, the Asian bureau in the '60s because of the Vietnam War. But Latin America in the early '80s was once again where it had been in the early '60s with the Alliance for Progress. It helped me to recruit good people within the Agency because people wanted to be where the action was. So I had good luck in being able to attract good personnel, but not as much good luck in being able to get rid of mediocre personnel.

But we still had to battle the rest of the bureaucracy even in internal AID. There were a lot of jealousies, by the way. The same budget decisions that gave us money took it away from other people. So I had to battle what we call PPC, which was the AID's internal OMB, the budget people. I also had to battle OMB, itself. OMB has the responsibility of looking at the global budget and within the globe there is a foreign policy component. They weren't too happy with Latin America suddenly getting all those resources. So I had to do battle and build political backfires at NSC or the White House in order to retain our resources.

But I enjoyed that. Being a political appointee, I think it was easier for me. I was willing to do that, to cash in political chips where I could pick up the phone and call somebody at the White House and not worry about my political backside. Because, frankly, if they wanted to fire me, that was all right with me too. And that was the attitude that I had all along in my career.

Q: How did you find Tom Enders?

REICH: Tom Enders' view toward AID was what I found to be very typical among people at the State Department. People felt AID was there for the taking, that AID is a component of the State Department that should follow State Department direction. I found myself as a mediator between my Bureau and the rest of the agency and State. I felt, frankly, that we had one only foreign policy with many objectives. There was no need to fight, to have these bureaucratic battles just to see who was in charge of the AID budget. My staff would make fun of my attitude. They used to call me the "one-policy" AA.

There was a lot of interaction between the two Bureaus and I would always get the complaints. "State is trying to take this program and reduce this", etc. I would try to work it out with Enders rather than say that this or that was the AID policy and that was that. I think I was right. We won some and lost some. Enders was a very, very intelligent and capable person, as well as strong minded, I think if I hadn't had that attitude it would have caused a lot of problems. There were times when we disagreed and I would have to say no to him. But I think he could see that I was trying to be cooperative.

So as a result, after the first few months, I really didn't have too many problems with him. I learned a lot from him in terms of bureaucratic skills.

Q: The '80s was a period of real change within Latin America from authoritarian governments to more democratic ones. Part of a great wave that is still going on as we speak today. Were you conscious of using AID as a weapon in this?

REICH: Yes, very much so. In fact, that was one of the controversies that I was in the middle of, between State, say the political imperatives that we had, and the development objectives. A lot of the AID people believe that we should use this money to "do good". Fine, nobody objects to that, but we do not have enough resources to "do good" for everybody in the world. We have to put them where they will do the *most* good, where they can leverage other changes.

For example, what we called policy reform. We would try to use our aid as leverage for policy reform in countries like Costa Rica, a rich country which had terrible economic policies and had no excuse for not being much more prosperous. A lot of the AID people objected to this forced leverage. They thought that was political pressure, using our AID money for political objectives.

Well, yes, it was, but the result of the political pressure was that we leveraged economic results in Costa Rica (and other countries) with a couple of hundred million dollars of aid that would have taken billions of dollars to accomplish otherwise if the policy changes had not been forced.

We would work, for example, with the IMF, the World Bank, the IDB (InterAmerican Development Bank) to bring about some of those changes. Well, the IDB was recalcitrant, they did not want to do this because they were basically at that time also very much in the socialist mode of big government. They supported "import substitution industrialization" and the other theories in Latin America that had failed and had led Latin American to bankruptcy in the 1980s. They have since come along, but it took an upheaval in the IDB and almost took the United States pulling out.

But the World Bank and the IMF did support these policy changes. The result now, by the way, is that I think we are on the verge of a real take-off in Latin America. Of course, we have been on the verge of a take-off for a couple of centuries now, "he says sarcastically".

But there have been changes in Latin America that nobody could have foreseen a few years ago, unless you were doing the kinds of things we were trying to do. I think they are a result of some of the things that we did, although not only because of the things we did. But we did force some real changes in economic policies in Latin America toward free market economics, individual initiative, reduction in the size of the State, while not forgetting the people at the bottom. I honestly believe that we did more for the people at the bottom of the socio-economic scale in Latin America in the 1980s than had been done in the '70s and '60s under programs that sound much better to the academic community or liberal community. They opposed us saying we were supporting big business. But we were trying to create employment, to get those countries off of welfare, in effect. And I think it is happening.

Q: During this period, you were there from 1981-83, and obviously what you do then won't have its major affect until later on, but can you point to some of the countries where things really worked?

REICH: Costa Rica is very much one of those countries. Salvador...we have talked a lot about Salvador but you have to remember that it was the headache. The support of land report in Salvador...the fact that the Reagan Administration, conservative, anti-communist, supported programs that helped the people of Salvador at the lowest levels, as well as higher levels, by the way...we had a lot of programs, but the land reform was one.

The question of policy reform is one. Costa Rica was a country that had I believe the third highest per capita debt in the world when we came in. There is no reason for a country like Costa Rica to be that way...I have been to Costa Rica many times and I love it. It is not only beautiful but it has many resources and the people are very nice. We persuaded the government of Costa Rica to change the subsidies and other programs that were bankrupting that nation and to have more confidence in the ability of the average Costa Rican to decided what to do with his or her own money, for instance. reducing the size of the State. It didn't take that many years, but it did take awhile. By the mid '80s we could see the result. Frankly, in some of our programs we could see the results in one year, because those countries had been headed in the wrong direction for so long that a little bit of help and a violent veer and pulling on one side of the reins hard did change the direction of the country very quickly. We could see that in many countries in Central America.

My frustration was Guatemala. I was able to do absolutely zero in Guatemala because the government there was a military, dictatorial one. We were unable to do anything.

In the Caribbean there was our support for micro-enterprises, for example. One of the philosophical changes we brought to AID was...replacing the emphasis on dealing with big government with supporting small entrepreneurs. One change, a person who you may have heard of who has written a book called "The Other Path" about development in

Peru, Hernando DeSoto...When I was at AID we gave his institute a grant, the first US government support of this group, called the Institute for Liberty and Development, in Peru that supports the notion of individual initiative and has proven that, for example, up to 60 percent of the Peruvian GNP was produced outside of the formal sector. Most of these people would be able to participate and contribute (these people didn't even pay taxes because they are outside the formal sector) if the government didn't have so many impediments to their doing business. We gave the first outside assistance to the man who was practically unknown at the time. He was trying to get recognition and I think that helped.

You know, it is amazing, here ten years later I still run into examples like that. I was at a meeting not too long ago where somebody came up to me (I had totally forgotten the person) and said, "I don't know if you remember me, but I visited you in your office when you were in AID and I am with such-and-such an organization (let's just leave it anonymous) and you gave us a little grant that enabled us to create a number of enterprises and we are now self-sufficient. I just wanted to thank you." This makes you feel good.

Another battle with State: I always felt that the middle income countries in Latin America--the Colombias, the Venezuelas, the Brazils, the Mexicos, the Chiles, the Argentinas--should not be ignored by AID, but our resources were so limited that we had to focus on the poorest of the poor. That was, also by the way, a Congressional mandate of the 1970s. But I felt that we needed a program to try to do something about the lack of development, the uneven development of some of these countries. Having been in Venezuela, I can tell you there are people there just as poor and just as hungry as they are in Salvador or Honduras. I knew that we could not put money into these middle income countries, however,...for one thing their per capita income levels are too high, our law prohibited it...and also frankly it isn't fair. They had the resources that they could put to work in those sectors of society that had been ignored.

But I felt there were a lot of things that we could do--technical assistance and other kinds of assistance. I wanted to have an AID representative in the embassy, working with the economic section and the ambassador to identify areas where we could cooperate: technical assistance in agriculture and science, in industry, in population programs, etc. We only had population programs in Mexico, Colombia and Brazil. We only had AIDREPS, as we used to call them, in those three countries. I thought they should do a lot more than just that, plus I thought they should be in other countries.

State didn't want to do it, AID didn't want to do it. I talked to the people at the White House and they thought it was a good idea and they included it in President Reagan's speech in Bogota, Colombia in 1982 and then it became policy. Now everybody is for it. State is very happy with the program and we now have AIDREPS in many, many more countries. We have them in Uruguay, Paraguay, Chile and other countries, plus they are doing a lot more. Nobody remembers who was behind that. I almost got my head handed to me for going around the chain of command to get it done.

Q: This is very interesting to somebody reading this in later times. You are saying to get something done you talked to somebody in the White House and got it put in a speech by the President and suddenly everybody is all for it.

REICH: It wasn't that simple, by the way. I simplified it for the purpose of brevity here. But I tell you, I first went through the system. I proposed the "advanced developing country" strategy. I ran it up the flag pole in AID and nobody saluted, in fact they ran the flag down saying that the resources were not available, forget it. So, I went to State thinking they would be interested in gaining additional influence in bringing our countries together. No, State didn't want to do it because they figured AID was going to screw it up. Unfortunately there was a lot of that attitude at State.

I kept insisting and went to the person who was handling Latin America at the NSC at the time. I said, "Look, this is my idea..." They thought it was a good idea so they included it in the draft...I had included it in the AID portion of the draft of the President's speech for Colombia (he was going to take a trip to South America--Brazil, Colombia, and other places) that was going over to the White House. It had been taken out. So I had it inserted back in the draft at the White House. When the draft came back to State it was taken out a second time. It was one paragraph that said in effect that we need to work with countries such as Colombia and other advanced developing countries in areas such as science and technology, etc. and I (the President speaking) "am going to direct AID to..." I forget the exact wording. The fact is that at the very last minute, on Air Force One, when it was too late for State to take it out, that paragraph was reinserted, Reagan read it and it was policy. It was policy but with a lot of people against it.

There was a time lag, the moment I just described was in 1982, I left in 1983 and there were people still opposing it, but a couple of years later people said, "Oh, this is policy; we are supposed to be doing this." And then the attitude changed and they started implementing what the President had mentioned three or four years earlier. And then they thought it was a good idea.

Q: You mentioned Caribbean. During your time where did you see the problems in the Caribbean?

REICH: The economies are so small...I don't want to say not viable, which was the term used then...I think they are viable; they are alive, but barely alive. The economies of the Caribbean are so small that they have to find some way to unite in some kind of economic union and come up with comparative advantages. They can't all produce bananas, or attract tourism. That is basically what some of those countries do. Dominica, for example, barely has tourism. All it has is bananas. What we tried to do was to help them develop some non-traditional exports and attract non-traditional investments. It wasn't easy because the market is so small. Each one of these countries...you have a population of 100,000. It is very hard to convince a corporation that is large enough to have the resources to invest in such a small market. The size of the market was one of the things

that was restraining us in terms of finding economic development formulae that would work.

As far as the traditional AID programs, they were expanding considerably. I think, in fact, they were tripled while I was there. Now there is very little attention being paid to the Caribbean, not because the people who are there don't care as much as we do, they just don't have the resources. Resources have followed the policies to other places and the problems in the Caribbean have continued to grow--population, for example.

Q: Can you tell how you felt about developments in Central America which was the focus of our policy...basically El Salvador and the Nicaragua situation?

REICH: Well, I felt that they were important enough that I decided to change my job, my career path, or whatever you want to call it, to give up that AID job which I liked so much and felt hadn't finished. I feel bad, even to this day, about leaving AID, because I didn't feel I had been there long enough--less than two years, which is, of course, a normal tour of duty. But when I took the job I assumed that I would be there for the entire first Reagan term. So I feel that I left the job half finished. I didn't even get, for example, to visit my South American posts. Central America simply dominated so much of our time. I only got to half the Caribbean posts.

I felt that what was going on in Central America was so important to the United States and so misunderstood by the American people and it had such a potential for going wrong, that I had to contribute something.

When you are in government you have a circle of friends and you are constantly talking to people and exchanging ideas and you do tend to talk shop all the time. There was a group of political appointees that got together in the Van Buren Room on the eighth floor of the State Department and talked about these things. We became increasingly concerned ...progressively from '81, '82, '83...as it seemed the Sandinistas were getting stronger and more repressive. The Cubans were more and more active militarily throughout Central America. The Salvadoran war was going the wrong way in spite of our best efforts. The Administration was not getting the resources from Congress that it felt it needed. So I volunteered to head up an office that had yet to be created. I found out that President Reagan was very frustrated because he kept going to the American people and explaining the policy, yet there was very little support for the policy. We felt that this was because the media basically opposed to the Reagan Administration, and I think it still is--still opposed to the idea of Reagan in many ways. A lot of people in the media (I know this because it was my job for the next years) distorted the facts about Central America. I know reporters who, although they opposed the Reagan policy, quit their jobs because they would go down to Central America, see that the Administration was telling the truth, file stories that were killed by their editors back here because the editors were watching CBS News or reading the New York Times, and had a different idea and thought the reporters had been coopted by the Reagan Administration. It was very interesting.

It was the opposite of what the right wing felt...You know when I said earlier that the Helms people thought we, the political appointees, had been coopted by the State Department, a lot of these editors thought that their reporters were being coopted by the Reagan Administration. I felt strongly enough about that I decided to go into this public diplomacy effort. That was a killer. It was something that even to this day I still get phone calls from people wanting to know if I was really involved in propaganda efforts. I remember my deputy in AID, Marshall Brown, said, "Don't do it." when I told him that I was going to be doing this in 1983. He said, "Don't do it. You are going to be labeled as the hatchet man." It is interesting because he was so prophetic. He was a career AID person...

[end of tape 1]

...Marshall Brown, whose nickname was Buster, told me that I was making a mistake. Of course, he wanted me to stay because we had a very good team in AID and were having a good time. He felt that I brought something to the AID bureau...he particularly liked my willingness to go to the White House if necessary and bypass the bureaucracy to get whatever we needed. He warned me and he was right that this public diplomacy effort was a highly political and highly visible job that would require me to take on institutions such as the media and the Congress who don't like to lose. He was right. I took them on and we won a few battles, but then Ollie North threw a few hand grenades into the whole operation and some of us caught some of the shrapnel.

Q: I would like to get into the whole public diplomacy thing because this is part of the story.

REICH: What happened was, in talking to people, both career and non career, in State, the White House, etc., it was obvious that something needed to be done to try to win the war in Central America. We were really getting bogged down, there *and* here. There was the danger in the view of a lot of people that this was becoming another Vietnam, in that Vietnam was lost not in the rice paddies of Southeast Asia, but in Washington.

They wanted to avoid this, so this Office of Public Diplomacy was created. First, by the way, the President named former Senator Richard Stone as a Special Advisor dealing with public diplomacy, but he was at the White House. State didn't like this. They didn't like somebody "fooling around" with foreign policy not in the State bureaucracy. In April of 1983, the President addressed a joint session of Congress on the crisis in Central America. This was only the eight or ninth time since the end of World War II that a President had addressed a joint session of Congress for a specific purpose other than a State of the Union Address, let's say. It was a demonstration of the level of the crisis. Reagan announced a number of actions. One was the appointment of the Kissinger Commission, and one was the appointment of Senator Stone as his special envoy to Central America (a roving envoy like Phil Habib had been for the Middle East, for example).

One of the measures that was not announced at the time but came up simultaneously was the creation of the Office of Public Diplomacy. So I, in effect, took Senator Stone's position but George Shultz, the Secretary of State, insisted that this position be moved from the White House to State. I had no objection to that. Later, by the way, people said that Shultz objected to it. Shultz didn't object to the creation of the position. (I also found out later that my "well" had been poisoned with Secretary Shultz by some bureaucrats at State who didn't want me, an outsider, dealing with in "turf". It took me over a year to gain Shultz's confidence). He wanted it under State and I thought that was fine. Frankly, I preferred it under State because the White House didn't have many resources. The White House staff is very lean. State has a lot more resources and I thought I had a much better chance of getting people and budget--not a large budget, the most I ended up with was one million dollars--and office space.

This office was to be the coordinator of the efforts to declassify information and put it out and try to show that we were telling the truth about Central America.

Q: At this point because somebody is going to be reading this sometime in the future, what was the situation as you saw in Central America?

REICH: The situation, and here we run into the danger of my adding my own sense of drama to it...but I remember sitting at the airport in Tegucigalpa, for a flight, sometime in 1983. I was already in the Public Diplomacy job. There was another one of those massive guerrilla offensives in El Salvador and it threatened to cross over the border into Honduras. The Sandinistas had undertaken a massive military buildup. They had wiped out the Miskito Indian population in the north. They were killing people all over the place. We had this bad feeling sitting in the airport with two or three people from my office...one of them had been a US Army officer in Vietnam and was assigned to the Pentagon and later detailed to my office. (We had purposefully not had any intelligence community people so no one could accuse this thing of being some kind of a CIA plot--which they later did anyway). Fortunately it was proven that it was not any kind of a CIA operation, it didn't need to be because CIA was giving us all the information we wanted.

Anyway, this Colonel, Larry Tracy, who had been in the army in Vietnam, said, "This reminds me a lot of the Tet offensive." There was that kind of feeling that Central America was about to fall...that Central America was going to fall like dominoes, the famous domino theory. There was a sense of gloom and doom in the Administration then that the policy simply wasn't working. My job, as I saw it, was to buy time for the policy to work. Easier said than done.

Q: Before we get to that, how did you see the regime in Nicaragua and the movement in El Salvador?

REICH: I saw the regime in Nicaragua as a group of third world, totalitarian, Marxists. A bunch of opportunists, frankly. They didn't mind losing the election (in 1990) so much as they minded losing the houses they stole and their other privileges. As someone said to

me the other day, "I don't mind you taking my philosophy away from me but I do mind you taking my Mercedes." But they were brutal. They were typical third world brutal dictators with the added Marxist/Leninist ideology, which has proven effective only in one thing and that is in staying in power, in the USSR up until the 1980s. Seventy-five years, however, is a heck of a long time and I didn't want to see a 75-year dictatorship in all of Central America. And I was convinced, by the way, that they were what they said they were...the "liberators", in their own mind, of Central America. Borge, the Interior Minister of Nicaragua said that their revolution knew no frontiers. They were supporting, as they still are, even after the election of Violeta Chamorro, they still gave anti-aircraft missiles to the Salvadoran guerrillas. It has been admitted by them, although they said it was a bunch of rogue comandantes who did that recently. Come on.

I saw the regime in El Salvador as trying to do the best...Duarte, I think, was a good man, a reformist and a democrat...somebody who we could support. It definitely was a transitional government to something much more legitimate. He was appointed to his first term by the Junta, but later he was elected, and I think he really did represent the will of the people of El Salvador. But it was still a very imperfect government supported by a very imperfect military, some of whom were and still are corrupt, some of whom were and still are brutal.

But, frankly, they, like the Nicaraguans reflect their societies. It is not that they are brutal because they are left wing or right wing. They are brutal because of the culture. The culture has been one of violence in that region of the world. More disputes are settled by machete than by any other means. They don't go to court to solve disputes. It is unfortunately a very violent culture, as is most of the northern part of Central America. Surprisingly not Costa Rica and Panama so much. In fact one of the interesting things about Noriega [the leader of Panama who is presently in a Miami jail] was that he was an exception to the history of Panama.

So that was the picture at that time. It was a very gloomy picture. I remember waking up every morning and going outside my house to pick up the newspaper and looking at it with one eye closed because I was afraid to see what the headline was going to be. The press was not contributing...I remember one Saturday morning the Washington Post had a banner headline across the top--US Combat Troops To Central America. It was like the war had broken out. The actual truth was that some US forces had been sent to Honduras on maneuvers. We never committed any ground forces to Central America. But there was this hysteria in the press that the Reagan Administration really *wanted* another Vietnam war or something like it. Absolutely false. Everything we did was designed to keep US forces out. The presence of US advisers for example...of course, people thought that this was we started in Vietnam.

But we learned our lessons from Vietnam and I think the Central American policy has been successful. It was composed of four elements which we called the four Ds-- Democracy, Development, Dialogue and Defense. So there was a political component, an economic component, a diplomatic component and a military component. The military

one was the only one that got attention. When I was at AID, I was in charge of the development component, the economic development, or a large part of it. We had a very strong dialogue component. We know now from defectors and from people who were in the Nicaraguan Foreign Ministry that the Sandinistas were just stringing us along. They didn't want a dialogue. They felt they were strong and were going to win the wars and all Central America was going to be Marxist/ Leninist.

Anyway, a lot of people in this country didn't want to believe that. They thought that their government was lying to them and it was my job in the Public Diplomacy Office to try to prove that we were telling the truth. I think we made a lot of gains. If you look at the period from 1983-86 we got the aid for Salvador, we got the aid for the Contras...getting the aid through Congress was part of my portfolio.

All of this was thoroughly investigated during the Iran-Contra hearings, as you can imagine. So the political opponents, people who really didn't like what I was doing later on had to be satisfied with saying that the Office was a propaganda office. And that kind of stuck. What can I say? Nobody ever accused us of saying one thing that was not true. And I am very proud of that. How could they say it was propaganda? Well, because we were putting out information that was supporting the President's statements, and the President had many political opponents.

Q: Today is September 24, 1991. This is the second interview with Ambassador Otto Reich. We left off where I was asking you if you had a problem with this public diplomacy in telling the truth, because the truth is a two-edged weapon--you are trying to put out one thing...?

REICH: We were putting out our version of the truth, obviously. Yes, we had a number of problems. One was, and I think this is of particular interest to those people who may be studying the State Department structure for this kind of thing...In my opinion and the opinion of many political appointees, including people at the very top...the seventh floor of the State Department [the very top officials, the Secretary, the Under Secretary, etc.], the NSC and the White House, the State Department does not do two functions well. Those are Congressional relations and public affairs. One of the reasons is that the people who go into the State Department like to deal with foreign countries. They don't join the Foreign Service to work on Capitol Hill or to deal with the media. So positions in H, the Bureau for Congressional Relations, or PA, Bureau for Public Affairs, were areas not considered to be fast track areas.

I think that is a terrible mistake because I think it makes the job of the Secretary of State and everybody under him that more difficult. Historically, the American people have not been very foreign-oriented, quite the contrary. Ever since George Washington warned us about getting involved in foreign entanglements, I think the orientation has been more toward domestic issues rather than foreign affairs. So you have to convince people that there is a reason why you are involved in foreign affairs. We, the US government, haven't

done that very well, historically. So that is one of the reasons that the Office of Public Diplomacy was created--to put out as much information as possible.

I was referring tongue-in-cheek to the truth because most people, of course, on all sides of an issue, including the recently departed Soviet Politburo, think they are telling the truth. The way we approached it was that we had an enormous amount of classified information that supported what we were saying in public. First let me say that what we were saying in public was a lot less than what I thought we should be saying, because the Department also has the tendency to be a bit elitist and to figure, "Look, you are paying us to conduct our nation's foreign policy, so trust me."

Well, you know, nobody trusts anybody any more for anything...not that anyone ever did. But you have an additional problem now that the press and the Congress have become very adversarial in their roles vis-a-vis the Executive Branch, as a result of Vietnam and Watergate, primarily. First we weren't saying enough. Secondly, people didn't think we were telling the truth. Thirdly, we had an enormous amount of information which a lot of us felt that if we could declassify it in a safe manner...protecting sources and methods by which it had been gathered...would prove to the honest skeptics that we were telling the truth. That is what I was referring to as the truth. That is what my office in a nutshell tried to do and did for two and a half years.

Successfully enough, too, because the State Department and the Administration decided to establish similar offices of public diplomacy for other controversial issues. South Africa was one. You recall we have what is called constructive engagement, which I think with the benefit of hindsight can also be said to have worked. In fact, I think the same can be said about most of our foreign policies in the last 45 to 50 years. We were on the right side of history. A lot of people didn't think so at the time, including, I am sorry to say, a lot of our own people in the United States. But when the policy was given the opportunity to play itself out--these things don't have a quick pay-off--then they have proven to be correct. Central America, Latin America as a whole, meaning economic policy, Southern Africa, Southeast and Southwest Asia, and, of course, the big issue of the entire century, the victory over communism...or as I have been pointing out to my friends, victories over Fascism, both Nazi and Communism, over the last 75 years.

In other words, as critical as I may sound, I do want to add here for the record, I think the system has worked, not perfectly because it is not conducted by perfect human beings, but in effect the United States did have, all things considered, a pretty good record of foreign affairs, with some notable flaws.

Q: Let's look at our Central American policy. I can see two major themes that had to be played. One was the nastiness of the Sandinistas, both internally and their efforts to export the revolution. The other theme was in El Salvador, and to a lesser extent, in Honduras and Guatemala, the nastiness of elements within those governments. Every time you turned around you were having death squads and assassinations. So you had both of these going and, of course, one side of the Administration would focus on the

Sandinistas, while the critics of the policy would focus on the right wing within El Salvador, etc. How did you deal with that?

REICH: You are right and that was part of the problem in that the issue was very, very complex...I don't want to say that it was too complex for anyone to understand, it wasn't that. The fact is that the problems of Central America didn't just emerge in the 1970s and '80s; they had been building for four hundred years. The complex social, political, economic, racial, ethnic, cultural, historic and every other aspect of society that you can think of, all of that was boiled down to the simplest possible of terms as you just said. One side defending the Sandinistas and the other side attacking the Sandinistas. That was very unfortunate. One side defending the Salvadoran government and the other side attacking the Salvadoran government and by implication defending the Marxist guerrillas in El Salvador. That was the unfortunate truth.

That is one of the things that we had to deal with. But being in the Administration and having been part of the policy formulation process and implementing process, all of us who were in knew that the issue really wasn't that simple. We had a policy that had basically four pillars and it was, in fact, simplified down to four elements. A political, an economic, a military and a diplomatic component. We called them the four Ds, so people could remember--democracy, development, dialogue and defense. I didn't coin that. I believe it was Luigi Einaudi, who was director of policy planning for the Bureau for Inter-American Affairs at the time. When exactly he or his staff came up with these four Ds, I don't know, but it was a very good way of defining what our policy goals or instruments in this case, were.

The democracy, the political element, meant that we were trying to help build institutions of democracy which had either never existed or had been destroyed in Central America over the last 150 years of independence. Through development, the economic component, we were trying to help establish as equitable society as a foreign power can possibly establish with limited resources in a convulsed society, which is what Central America was at the time. Through dialogue, the diplomatic component, we were trying to achieve these goals through, among other things, diplomacy. Some of the critics said that it was nonsense, we were never serious about diplomacy. That is not true. In fact, once again with the benefit of hindsight, we can now say the proof is that when we had complete power to do whatever we wanted in this region we chose the peaceful route. We could have used military force, and, in fact, have used military force, say in Panama. Panama, I think, can be the exception that proves the rule. We used military force in Panama only when everything else had been exhausted.

Q: We are talking about the invasion...

REICH: ... of Panama in December, 1989 by US forces to arrest General Noriega and restore the democratic government that had been elected six months previously in an election and which had been annulled by General Noriega who was then the self-

appointed dictator of Panama and who, as we speak, is being tried for narcotics trafficking in a US court in Miami.

The fourth element was defense, the military component. That, as you mentioned, is probably the one that got the most attention and got the people on both sides of the issues most roiled up. That was because those people supporting the policy were saying that if we did not have a military component to the policy that the other side was going to continue the military buildup. The Soviets and Cubans were involved. I hope there is no debate about that today. There is no question they were involved...the Soviets have admitted it and, in fact, even Castro has admitted it. Unfortunately, when you have some people using force you have to use force yourself to defend your interests or those of your allies.

Then the question is: who were your allies, why are you defending these terrible people? The fact is that we were not defending these terrible people, we were using every means at our disposal to help the democratic elements in Central America...El Salvador, Honduras, Nicaragua, Costa Rica. We were trying to help the democratic elements clean up their act, in effect. Get rid of the despots, get rid of the inequities through programs such as land reform, which I believe we mentioned in the last section.

And that was a very difficult debate to conduct because people tend to focus on emotional things such as the assassination of nuns. Who can think of something more despicable than killing nuns? Yet that is exactly what happened in December 1980 in El Salvador and it helped to color the debate. I can tell you nobody in the Reagan or the Bush Administrations were ever going to defend that...in fact it happened during the Carter Administration. We had nothing to do with that, but we were put into the position of being associated with a government which was accused, and I think to a large degree correctly, of not doing enough to attack the causes of that kind of violence and to prosecute people responsible.

Another truth, though, was that there were equally despicable crimes on the other side that never got any publicity. I know that because I was in El Salvador when some of these things happened--assassinations, kidnapings, murders, maiming, torture by both sides. It seemed to us that only the bad aspect of what was happening would get attention if it were carried out by the so-called pro-US forces and never the anti-US forces.

Q: Well, you are sitting in an office in Washington. How does one work with this? Obviously you are reading the cables and the press and all and consulting with people who were there visiting. How do you go about it?

REICH: What we decided to do was to go to the conduits of information, the media. We decided to start working with honest reporters. We were not surprised to find that most reporters were honest--though some were not. By that I mean some had an ideological agenda, and many of them are still around. Some have crashed and burned because they were found out to be dishonest. Those dishonest ones were simply going out to try to find

information that would support their point of view. Fortunately there were others. If we couldn't work with the reporters, we would go to the editors and say that these are some of the facts that your reporters have overlooked and we happen to know that he or she has access to them. In many cases that worked. Some of them were furious. In fact, I ended up paying a political price for it.

I told you earlier that I was told ahead of time I would. It was sort of kamikaze mission in a way. I was told you don't take on the press in the United States without paying a price and you don't take on the Congress without paying a price. Yet, as I mentioned in the beginning of this talk, since we had decided that Congressional relations and press relations were two things that the State Department traditionally does not do well, that was my job. It was to, in effect, engage the press and the Congress in a dialogue.

Most of the people we dealt with in those two institutions responded positively. Some did not because, I think, they had an ideological agenda which was opposed to that Administration. Indeed, some for just plain partisan reasons did not want the Reagan Administration to have a victory in Central America--I am referring to some members of the Democratic Party who had run out of political issues with which to attack the Administration.

They had attacked Reaganomics, and Reaganomics had turned out to work in the 1980s...there were more people working than ever in the United States, inflation was down, etc.

They said that Reagan was a cowboy, a hard line anti-communist that was going to get us into a war with the Soviet Union and the opposite happened. The Soviet Union, with the advent of Gorbachev in March, 1985 started to pull back from its foreign ventures and relations began to improve. So there were very few political issues with which the political opponents in this democracy of ours could attack the party in power to try to get back into power. Central America was one of those issues and it became a partisan political issue.

But most of the people with whom we dealt, I think, recognized that we were trying to tell the truth. We declassified enormous amounts of information. We worked with the intelligence community to try to declassify as much as we could without damaging our sources or methods of collecting that information. We provided this information to the press in a way that they could go on their own to corroborate it.

Q: How would you deal with it? I mean you have two major dynamos of power in the government on the press side--the New York Times and the Washington Post. Everybody reads those in the morning and respond to them that day. It often sets the government agenda. Could you talk about how you dealt with these two?

REICH: You are absolutely right, they set the agenda in many ways, particularly the New York Times. We found that whatever was in the New York Times in the morning, would

be on the three networks in the evening. The networks always tried to "advance" the morning news in the evening. The New York Times has an enormous influence. I think perhaps a little less today than it did back then because it has reacted to some of the excesses. The New York Times was highly ideological in what it printed at that time. Particularly the editorial page of the New York Times. But, even the news department.

For example, there was a reporter by the name of Raymond Bonner, who the New York Times sent to El Salvador and who was very much ideologically in favor of the Salvadoran guerrillas and opposed to the Administration. He wrote story after story which was partially false. It wasn't one big lie. For example, the story about the land reform and how it wasn't working. Our American Ambassador there, Dean Hinton, a career Foreign Service Officer who today is one of the five top people who have the highest rank in the State Department, took the unusual step of calling a press conference to denounce this one story. He pointed out 22 factual errors in this medium-sized story by this reporter. This is the same reporter, for example, [I mention again the New York Times because it is so important because a lot of times what is in the New York Times is assumed to be the truth until proven otherwise] who in January 1982 had a story that a couple of US Green Berets [we had 55 advisers in Salvador at the time by mutual agreement with Congress] had been present at a torture session where two Salvadorans teenagers, a boy and a girl, had been tortured to death. You can imagine the graphic description of this and the revulsion on the part of everyone who read this story. Bonner based this story...I mention his name because I think institutions like the New York Times have a responsibility to make sure that this kind of thing never happens again. This man used the New York Times. He was removed by the New York Times months later after he had a terrible impact on the image of the United States and the policy we were trying to carry out. Bonner based this story on the testimony of one man...which, by the way, is a violation of the New York Times' own rules; you are supposed to have two sources at a minimum...one man who claimed to have been a defector from the Salvador guerrillas who emerged in Mexico City and was presented to the New York Times by the Salvadoran guerrilla office. By the way, the New York Times investigated Bonner because the Pentagon, to its credit, immediately conducted an investigation, found out that this story was absolutely false, interviewed every single person who had been in the US armed forces in El Salvador any time near the date that this horrible incident was supposed to have happened. They even conducted this investigation worldwide because some of the military advisors had already left El Salvador and gone on to other assignments. They found out that the accusation was not true.

The New York Times did retract the story eventually but, in my opinion, in a cowardly way. They did not say that they were wrong. They had a very long explanation as to why the story should never have run because it didn't have corroborating sources, etc., etc. The fact it was totally false, we know from our work with the intelligence community. The Cubans had surfaced this story six months before, but it was so crude that nobody picked it up. They looked for a sympathetic reporter. Raymond Bonner was it. I have told him this to his face. I have debated him.

Interestingly, I debated him one time in 1983 in Los Angeles before a very liberal Hollywood audience. He was attacking the Administration policy and I was defending it. That Hollywood audience actually turned around and supported me. They could tell something was wrong with that guy's stories.

That is one example. I mention this because one little story in one news organization took months, and probably thousands of dollars, in investigation by our government. I was very disappointed by the behavior of the New York Times during that period. A lot of the people at the time were convinced that we were wrong and they were right. They did not want to publish any information which supported the Administration's viewpoint.

For example, human rights violations in Nicaragua. There was a major defection by the head of the Sandinistas' own human rights organization, which had been established to cover up their own human rights violations and highlight the alleged violations [I think some did take place] by the Contras. This man was so fed up with the lies he was being forced to put out by the Sandinista government that he defected. We made a mistake. We thought that this guy was so important and the New York Times so important that we gave it an exclusive.

A Pulitzer Prize winning reporter, Shirley Christian, interviewed him for hours and wrote a 2,000 word story of which the New York Times published only four tiny paragraphs, of which three paragraphs were the Sandinista government's rebuttal of what this man had to say.

That to me is dishonest journalism. I hope one day someone writes a book--I don't have the patience to do it--about the dishonesty of the American media in the 1980s in reporting on Central America.

I can give you stories of a Newsday reporter who was opposed to the Administration; he came to us over a period of months looking for information; we gave him information and he finally goes to Central America and comes back and says, "I was wrong. I think the Administration's policy is basically right." He wrote a story and it was killed by the editors at Newsday. They did not want to hear that. They wanted to hear that the Administration was wrong. I can tell you many other such stories.

Q: Faced with this, did you have other ways of working?

REICH: Yes, we had to go directly to the people. We put out a constant stream of what are called "white papers," which we used to brief the Congress. Interestingly a lot of Congressmen would tell us privately, "We know you are telling us the truth, but I just can't support you because I have all these crazies in my district." The churches went crazy over this thing. They were manipulated, I think, by political activists--The National Council of Churches and some of the others. I think they are now paying a price for it. They are losing membership...they never should have gotten involved in political issues in the first place and secondly, they should have been honest about it. But, once again,

they fell into this morass of wanting to support a particular viewpoint and being forced to fudge some of the issues.

Q: Did you feel you were fighting Vietnam all over?

REICH: Oh, absolutely. I was in the army during the time of Vietnam, in Panama. But I feel, like most of our colleagues in the government, that this was a lot like Vietnam. In fact, I will quote you someone who I think is a dedicated public servant, who unfortunately later on got into all kinds of trouble--Bud McFarlane. McFarlane was the head of the NSC at the time I was...actually I worked with a couple of different NSC directors, three, as a matter of fact. First there was Judge Clark, then McFarlane and then Poindexter. Poindexter came in just before I left for Venezuela so I didn't work with him very closely. One day when I was in reporting at an NSC meeting towards the end of my tenure (I reported to the NSC periodically although, the line of my reporting was to the Secretary of State) McFarlane, who had been a combat officer in Vietnam, said some very nice things about the work of my office. He said something like, "Well, Otto won the Vietnam all over again." What he meant was that we should have done something like my public diplomacy effort in Vietnam. Of course, Vietnam was a much bigger thing. I think, once again, that there (Vietnam), and I feel strongly about this, that the US media did play a role. They opposed the war and set out to end it. Unfortunately, it ended in a way that cost the lives of hundred of thousands of Vietnamese, Cambodians and others after the victory of the communists.

Q: What happens now? You got this, you are telling the truth and all of a sudden something really nasty, you can always be sure that a death squad will come up with something nasty in El Salvador. The death squads were to the right of our policy. What did you do...?

REICH: Let me say something. The death squads were very much opposed to our policy and we were very much opposed to them. However, we felt very much in the middle of this war. We had these right wing fanatics on the right and these left wing fanatics on the left. They were equally violent, equally destructive on an individual basis. But in the case of El Salvador, they were more numerous on the left and we felt that they had to be reduced in numbers, which is why we had the military component of the policy. On the right they were smaller in numbers, but more powerful politically because they did have connections with the economic elites, political elites and military elites of the country. We fought very hard against both of them.

I have many proud moments. I remember one time briefing some people who happened to be very charming individuals but who had to be described as right wing Salvadorans. I mean, the people who would have been very happy to have had the right wing death squads, let's say, win. I remember we showed them our four Ds and what we were trying to do. One older gentleman turned to a younger one at his side and said, "With friends like this who needs enemies?" He said this in English. They were very unhappy with a balanced US policy, which was just fine with us. We weren't doing this to please the right

or the left or anybody. We were genuinely trying to find a peaceful end to the war and to find a way to deal with the basic underlying causes of poverty and injustice and underdevelopment in Central America.

I feel that we did the best we could with limited resources. We spent billions of dollars, lost the lives of fine young men in Central America...military and labor advisers...Mike Hammer, who was a friend of mine. I knew Mike Hammer because I used to work closely with the American Institute for Free Labor Development (AIFLD) when I ran the Washington office of the Council of the Americas...the Council of the Americas, in effect, is the business counterpart of the American Institute for Free Labor Development and although they have some policy disagreements I had very close relations with Bill Doherty, still do, who is the head of AIFLD, of which Mike Hammer who was killed in Salvador along with another American and a Salvadoran in January 1981, was a part.

People like that are the ones, frankly, who deserve the credit for what I think will soon be the end of the Salvadoran civil war. Just today, September 24, 1991, the newspapers have stories that both sides are predicting an imminent end to hostilities in El Salvador. Of course, we have been hearing this for a long time, but I think with the demise of communism, the final cutoff of external assistance to the Salvadoran guerrillas, they have been forced to negotiate in good faith. And the government of El Salvador is also different because it doesn't have the pressures from the right. We have succeeded in many ways in convincing the right and left that they were not going to win. They were not going to turn Salvador into an ash heap and start from scratch.

The irony is that these extremists, and I equate them, were so similar that they almost use the same terminology. Both the left and the right said that they wouldn't mind starting from ashes if that is what it took to defeat the other side. Well, we were not willing to allow that and we were convinced that the vast majority of Salvadoran people did not want that. The evidence for that is that when the Salvadoran people had an opportunity to express themselves, as in the elections, they came out in huge numbers. They braved death. Many of them were killed by the guerrillas standing in line to vote. The right wing never attacked, to my knowledge, any voting booths and the left did because the left did not want it shown that they really didn't have popular support...and they don't have popular support.

Most of the population, just like most peasants anywhere in the world, want to be left alone. They don't want the government on their back; they don't want the landowner on their back; they want a piece of land to work and a better future for their children. They felt that US policy gave them their best hope.

Q: Before we turn to Venezuela, one last question. The Iran-Contra affair has become a major thing within our political life. Was this going on during your time?

REICH: No, this happened after. However, I was drawn in because of my actions prior to going to Venezuela. All of that happened quite a while after I left. I left that office in

January, 1986 and, as you recall, the Iran-Contra affair really broke in November, 1986. I have to tell you that when it did happen I was as surprised as anyone because I had worked with Ollie North almost on a daily basis. We were trying to get information declassified and since he was at the NSC and dealing with the intelligence community, lots of times he would support our request. He was involved in public diplomacy because he realized we needed more public support for the United States. But I have to admit that some of the actions that have come to light since then were as much a surprise to me as they were to most everybody. The people who he was working with on that side like the Hakims, the Secords, none of us knew. These were people who had been in the government and made contacts, but were at that time outside government. The things they got in trouble for doing they did outside the government. If you recall there were very few people who have actually gotten into trouble for anything they have done inside the government. Poindexter, I suppose, but I think Poindexter, like North, is probably going to be exonerated...

Q: Not exonerated but...

REICH: Well, they are now trying, frankly in my opinion, to invent charges. Walsh, the special prosecutor, has failed. He was supposed to find out if there was any wrong doing in the aid to the Contras or the shipment of arms to Iran. He is now off on totally different subjects.

Q: Let's move to Venezuela. How did you get your appointment to be Ambassador to Venezuela? You served there from 1986-89.

REICH: I was not anxious to go overseas, and when I had gone into the government in 1981 I really thought it was going to be a short-term assignment. I was very happy to have gotten the assignment in AID. It was right up my alley with my economic development background. When I took on the Public Diplomacy assignment it brought me into contact with a lot more people at much higher levels in the State Department and in the White House.

Since I was doing a lot of public speaking, etc., in the fall of 1984 I was asked to be part of something called the White House Surrogate Speakers Program. Because of the election coming up, the President and the Vice President and Cabinet Secretaries were getting so many speaking requests from around the country, in addition to what they normally have, that they just couldn't be met. So the White House Public Affairs Office set up a stable of Administration officials who could be called upon to go and speak around the country on different issues. Central America was a very controversial issue even then. So I gave a lot of those speeches to groups around the country. Shortly after the election of 1984, I was invited over to the Office of Presidential Personnel, where I was asked, to my surprise, if I would be interested in being an ambassador. I said that I hadn't thought about it very much. Frankly, to tell you the truth, of course I had thought about it, but as something for much later in my career. Since I had only been in the Public Diplomacy job a little over a year, I didn't feel I had finished that

job. In fact, we were right in the middle of this tremendous public battle on the policy. But I was very flattered. They mentioned a couple of countries which were attractive to me, although relatively small--medium size embassies in Latin America. I said, "Thanks, but no." I had some personal considerations, my kids. I didn't think I wanted to take my kids overseas at such a young age, etc.

At any rate, time passed and early in 1985 they called again and mentioned two other countries. I turned them down for the same reason. I became rather worried because you can't keep turning this down too long or they will think you're just not interested. The third time they called they asked if I wanted to be ambassador to Panama to replace Ted Briggs, a friend of mine, who was also born in Havana, Cuba as a matter of fact. I said, "Yes." God must have been watching over me, or one of my guardian angels or something, because as the process was about to begin...it is a very long process, of getting confirmed, (and it is getting worse)..George Landau, career ambassador who was in Caracas, [talking spring, 1985 now] decided to retire early and just about immediately because he was offered a very good job as President of the Council of the Americas in New York. This was in April/May and he was to leave in June, thus leaving an unexpected vacancy in a very important post.

I got a call, this time from State, asking if I would rather go to Venezuela than Panama. Of course, Venezuela is a huge country and frankly, I was a little concerned about Panama simply because I had so many friends there. I thought that was not a good idea to go to a place where you have so many friends because familiarity breeds contempt and they might ask a lot of favors on visas, etc. So I felt I would rather keep my friends and be ambassador elsewhere.

Venezuela was one of only two countries in the entire hemisphere that I had never visited--the other was Bolivia. So when Venezuela came up, I accepted. Also, Ted Briggs was not supposed to leave Panama for almost the rest of the year. So that is how Venezuela came up.

I had the advantage of being supported for that position by both State and the White House. You know the process where State comes up with a candidate, and State did come up with a candidate, but I think sort of halfheartedly, because Secretary Shultz supported my candidacy.

In fact there is a little anecdote that was left out here. In the spring of 1985 I was working in my office late one afternoon and my secretary says "The Secretary wants to see you." I said, "The secretary of what." She said, "THE Secretary." I said, "Oh, Secretary Shultz. I am either going to get a promotion or get fired." In my job I was quite controversial. Fortunately I had a lot of supporters. In fact, I have to say that we had gained the support of a lot of people who had been skeptical in the State Department. The State Department did not want the creation of my office because it was almost a slap in the face--"you really don't do these jobs right so we are going to get this outsider to do them". But after slightly

less than two years, I really did have the support of the Department and was getting along fine with everybody. So I jokingly said that I was either going to get fired or promoted.

In fact it was a promotion. Secretary Shultz told me that he wanted me to be his Assistant Secretary for Human Rights. He wanted to announce this the next morning. It really took me completely by surprise. You can keep secrets in the State Department and this was kept from me. I was once again very flattered, but I did not think that my temperament was the right one for that particular job. I told the Secretary and said that I would have to talk to my wife. He said that he was not offering the job to my wife but to me. He was joking, but I turned it down.

I later had the opportunity to tell him that I was being considered for an ambassadorship and would like his support. He said, "Which one?" And I said, "Venezuela." He, as Shultz usually did, said nothing but nodded yes. So I figured I had his support, and I did.

So I was nominated. Ran into some nomination problems from both the right and the left, which made me feel good. Senator Helms opposed my nomination because of my support for land reform in El Salvador and the Panama Treaties. One left-wing group, for ideological reasons said I was too conservative to be an ambassador. But I was unanimously confirmed after Senator Lugar saved my nomination from oblivion by pulling it out of the jurisdiction of the subcommittee and holding hearings on it himself.

I had an opportunity yesterday to thank him again. I was at a lunch with the President of Venezuela who was in Washington and the three of us were talking. President Perez had just given a little talk at the Center for Strategic International Studies, where I am also involved. He had mentioned the importance of Congress in US-Latin American relations. I said, "Mr. President, here is an example of how important Congress is. Here is the man who you have to blame for my being named as Ambassador to Venezuela...." And, of course, they both laughed.

But Senator Lugar held the hearings and I was confirmed. Senator Helms had a lot of questions which I mentioned earlier. When we answered them he accepted them. Even he voted for me. I went off to Venezuela in May, 1986.

Q: Did you get any prepping for going to Venezuela from the State Department?

REICH: Yes, I had a little more time than others. Because I had been opposed (by a Senator) and my nomination had been derailed for a while...this is a very unusual nomination I have to say. Then the nomination papers took forever. I was selected by the White House and the State Department about May, 1985. George Landau left Caracas in June, 1985. My papers started moving through the White House...the first paper required is for the President to indicate intention to nominate. That begins the FBI process, the IRS and all that stuff...later on leading to the nomination, followed by the notification to the Senate, the confirmation on the Hill, etc. That should take four or five months. In my case it took eleven months. So I had a lot of time to prepare.

If you are interested in why it took eleven months...I told you that I was opposed by different groups. And the nomination of an American Ambassador to a Latin American country is a very big deal in that country. It is front page news. Unfortunately, the first news that came out of Washington, before my nomination was even known in the State Department...somebody leaked it to this left wing group here in Washington that opposed all Administrations, Democratic as well as Republican...

Q: Can you name it?

REICH: Yes, it is called the Council of Hemispheric Affairs. It is basically a phony organization; it is one guy called Larry Birns who has nothing else to do. I understand he is wealthy and this is his hobby, to create problems. He goes around town being ridiculous...and I do mean ridiculous...he is sort of a clown. But he puts out these press releases and a lot of the Latin American press pick them up, they don't know him...one of the press releases read something like "Right wing extremist being named as Ambassador to Venezuela."

Well the Venezuelan press picked this up, didn't check it and printed almost verbatim what this nut, Larry Birns, published, saying that I was being sent to Venezuela to put pressure on the Venezuelan government... Birns knows how to manipulate information very, very well. So this was a big scandal in Venezuela. Front page news. Because of that reaction the State Department decided to let things calm down.

The Venezuelans made a mistake. They sent their Ambassador here to inquire if indeed it was going to nominate this Otto Reich, and if so, why? The Deputy Secretary, John Whitehead, received the Ambassador. He said that there had been no announcement, but he could assure his government that whomever the US Ambassador was going to be, would have the full confidence of the President and the Government of the United States. He would be fully qualified. Without confirming or denying any names, however, he wanted to know why the Ambassador would object to Mr. Reich? The Ambassador said, "Because he wasn't born in the United States." Whitehead asked what that had to do with anything. The Venezuelan replied "We believe that an ambassador should be born in the country being represented". They had no real reason to object to me, so they picked on that one, which is very silly. Here is a country where everybody is treated equally...Henry Kissinger still speaks with an accent. Whitehead just shook his head. I heard later from people who were in the meeting that Whitehead said words to the effect of: "You don't understand the United States. National origin, race or sex doesn't matter to us. Yes, we have had some cases in the past when we haven't been as equitable as we should have been, but we are working very hard to overcome that. In fact, no matter where this person was born, he or she will be completely qualified." He reminded him about a German-born Secretary of State and a Polish-born National Security Adviser. He said, "At this time I couldn't tell you how many of our present ambassadors were born outside the United States. I know several were, but it doesn't matter to us."

The Venezuelan was quite embarrassed by this whole episode because the episode was leaked to the press in Venezuela. I think they realized they had made a mistake. Later, Secretary Shultz had a meeting with the Venezuelan President in New York, at the time of the General Assembly, during which he confirmed that we intended to nominate Otto Reich. The Venezuelan President said that was fine. Several people had gotten to them and pointed out that they were reacting to vicious information which was untrue. They realized it, did their own check and were embarrassed.

As a result, I arrived in Venezuela a year later...I was first selected in May, 1985; President Reagan signed the papers for me in August, he should have signed it before but, if you recall, in the summer of 1985 he got cancer of the colon, which put all routine paperwork on hold...finally when the above incident happened they figured they had better move this thing forward...they initiated the process, but it was put on hold by Whitehead who was upset by the Venezuelans. He wanted them to "stew in their own juices" for a while. The FBI process began in the fall and was finished by December. Then there was the Christmas vacation and I was nominated in January. Then Senator Helms decided to ignore my nomination for a couple of months. In about March of 86, Senator Lugar pulled it and had hearings in April. I was confirmed in April and left in May, arriving eleven months after the departure of the previous ambassador.

As a result of the Venezuelan overreaction...I think it benefitted me because they received me, I think, much more positively, warmly than they would have another American Ambassador.

Q: When you went out there what was America's interest in Venezuela and did you have any set agenda?

REICH: Sure. First, Venezuela is our first or second, depending on trade numbers for that particular year, trading partner in South America. Our number one trading partner in Latin America is Mexico. So Venezuela was very important from an economic standpoint.

Also, politically they have always exerted a very strong influence in large part due to their economic power. This is the country that had the highest per capita income in Latin America. With a surplus of petro-dollars in the '70s and '80s as a result of the oil crisis, they put their money where their mouth is--supporting democracy. They have the second longest record of democratic government in South America. After Costa Rica, Venezuela with the overthrow of the Perez Jimenez dictatorship in 1958 has now had, today, 33 years of democracy, which is a good record.

We saw and still see Venezuela as a very important player in regional issues and in support of democracy which was our goal in Central America. They had been working independently of us to support the same governments...the Christian Democratic governments in Latin America--the Duarte government, the Christian Democratic government in Guatemala which was trying to gain power through elections, the

Democrats in Costa Rica, Honduras or Nicaragua. They did not support the Sandinistas after the first few months. They were very disappointed with the Sandinistas, as we were.

Our relations with Venezuela were very good. If anything, I wanted to try to improve them and bring the two countries closer together. I wanted to keep the flow of oil open to the United States. There is not a whole lot an ambassador can do on that issue, frankly, because it depends on world conditions, prices, etc. But I wanted to have closer scientific and technical and business ties, if possible.

Venezuela was beginning to be used by the Colombian narcotic traffickers as a transshipment point and money-laundering site. Venezuela produces hardly anything narcotics. There is a mountain range on the border with Colombia where you can grow Marijuana, but they have all the coca paste they need coming from Bolivia, Peru, etc.

We had a lot of different agendas but no one big issue which dominated our relations. Frankly, that is one of the reasons why I like Venezuela so much. For instance, in Panama it would have been the canal; in Salvador would have been land reform and the guerrilla war; in Colombia would have been narcotics. I was very glad not to go to a one-issue country because this gave me an opportunity to deal with everything from agriculture, to trade, defense, cultural issues... I got to know a lot about specific trade problems. We also worked with Venezuela on political issues for Central America--and on help for Haiti in trying to move it towards democratic elections, etc.

At the same time we had differences of opinion, for example, on Puerto Rico. I was commended by the State Department for that issue. The Venezuelans had decided to change their vote on Puerto Rico in the United Nations from co-sponsorship of a Cuban resolution for the independence of Puerto Rico to abstention, which took the wind out of the sails of the Cuban resolution, and it subsequently failed.

So we had a lot of issues to work on. We worked very closely with them to promote human rights in the hemisphere. It was a good period. At the same time, however, it was a declining economic period for Venezuela. A lot of my time was taken up working on issues related to the external debt. They had the fourth largest debt in Latin America, although it was relatively manageable, by Latin American standards, because of the large amount of money that oil brings into Venezuela. But I had a lot of negotiations with their Ministry of Finance people, and our Treasury Department. I was constantly being visited by the negotiators for the private banks. We managed to provide assistance to Venezuela at some very important times for them. They simply ran out of money one time and we provided them with a "bridge" loan, for which they were very grateful. We felt it was very much in our interest because the stability of that country was very important to us.

They have gotten back on their feet. I am glad to say that one of the things that I did when I got there was, as is my custom, to start talking. I gave a lot of speeches about democracy and human rights, about private enterprise and the market economy, because Venezuela

had a very protected economy and a very inefficient economy. There was a huge state sector of the economy.

Consequently, I was accused of interfering in Venezuelan affairs. The Communist Party had a little newspaper that attacked me for interfering in Venezuelan affairs. But the Communist Party is insignificant in Venezuela, in fact, it is not even a party anymore because it did not get the necessary one-half of one percent that you have to get in an election (of 1988) to qualify. On the other side, there were some very powerful industrialists who objected to my talking about opening up, liberalizing the economy, reducing trade barriers and saying that the consumer would benefit. They had become very wealthy behind these protectionist barriers.

Five years later all of that which I was calling for has happened. Not because I was calling for it, but because it was logical. President Perez, the current President, has undertaken very radical economic reforms and Venezuela is benefitting as a result.

On the personal front, I was very happy; my family was very happy and well received. We had a beautiful house, courtesy of the American taxpayer. The Ambassador's residence in Caracas is, I think, one of the nicest residences anyway. It is not a palace, or a mansion, like some of our others, but a very pleasant house in a very pleasant country. I would not trade those three years for anything. In fact, I might want to do it again sometime in another place. But not for a long time.

Q: How did you encourage American businessmen to come in?

REICH: I tried different ways. I remember shortly after I arrived the Venezuelan government, through several of its investment and trade promotion agencies, had some kind of show or seminar in New York. I volunteered to write a letter that would go with the trade promotion materials saying something like, "As the American Ambassador, I would like to invite US companies to consider Venezuela as a place to invest. The Venezuelans welcome it and it is good for both our countries. Please come look at the opportunities." The Venezuelans were astounded. They thought it was wonderful that I was willing to do this. In fact, one of the things that they always say to me when I come back to Venezuela is that I was really concerned about their development and did a lot for them.

I would do the same whenever I came back to the States...one of my little self-imposed rules was to come back as often as I could, as I think the Department should see your face in addition to your name on cables. So I took about 15 trips back to the US in those three years. I would have taken more if I could have. Whenever I could I would give speeches in New York, Washington or Miami, at places of logical interest in Latin America--the Council of the Americas, the Florida Governors Conference on World Trade, various chambers of commerce. I had to turn down a number of requests because there was no State Department money to get me out to the West Coast and other places a distance from

Washington. I would try to combine personal and official travel. If I was going to be somewhere on vacation I would try to give a speech in the area.

So, I gave a lot of talks and talked to a lot of business people. Frankly, I was concerned because I believed there were very good opportunities in Venezuela and that American companies were not taking advantage of them, and European and Asian companies were.

Q: It has always been a dilemma that we don't deliberately sponsor a company to do something.

REICH: No, we don't. It is difficult because we have so many companies and often you would run into a problem of competition. I had many cases where I had more than one American company vying for a contract to a project, I helped all of them. I remember when Sikorsky and Bell Helicopter were both going after the same Air Force contract, and I helped them both. Neither one of them got it, the French got it (through unfair trading practices). That was one example where you could help two American companies.

There were many other cases when I was down to one. I remember Bowater, a paper manufacturer, and Guy F. Atkinson (a San Francisco based construction firm) had joined together to build a \$600 million paper pulp plant in Venezuela. They were vying against a Norwegian consortium and a Canadian consortium but we won.

What I did, and for which I am proud, was to tell my commercial counselor to let me know of any opportunity in which I could get involved. I had a very good commercial counselor Kenneth Moorefield, a West Point graduate, a decorated combat Vietnam veteran (Silver Star, Purple Heart) --who is now Minister-Counselor for Commercial Affairs in our embassy in London. He would come up and say, "Mr. Ambassador, we have this company that has this problem." And I would say, "Let's go." I would call the Venezuelan Minister involved and go see him with a representative of the company. I have letters where senior management of a company would write to the Secretary of State or Secretary of Commerce or the President saying, "In my 35 years of doing business overseas, I have never encountered an American embassy which has been this helpful to American business." That was great, and I circulated such letters throughout the Embassy to thank them for their help.

Q: How did you find the staff of the Embassy? One is often told that some of them have been in Latin America too long, etc.

REICH: No, I didn't find that. First of all, I happen to believe in specialization. I know that Henry Kissinger doesn't and he caused this hullabaloo when he moved people around. In fact, it is alleged that he was in Panama being briefed on the Panama Canal back in the early '70s and he asked a question that had to do with the Suez Canal--"How does this compare with the Suez crisis?"--and there was no one who knew anything about the Suez Canal situation. So he said the Department needed more cross-geographic assignments.

Q: I heard another story about it that was more or less the same thing. He found that there were people traveling with him who really didn't know anything about Latin America and he got so upset about that.

REICH: I don't have a problem with that. I would rather have people who know the Latin American culture and the language and can work in the field. I did have some people who came in, for example, from Europe or other parts, who had trouble adjusting to the Latin American culture. It takes a while. You can not have been in the EUR Bureau all your life and all of a sudden parachute into Caracas and expect that it is going to be the same as dealing with the Germans or the Dutch, or vice versa. I do believe that people should get exposure to more than one area of the world, but I don't have a problem with specialization.

My problem, I guess, is that the quality of the staff tends to be very uneven. You have what we used to call "water walkers", very good people. You also have mediocre people and you have people in between. I don't think you have many bad people in the Service. I do have to admit we had a few that had managed to fall through the cracks and survive by doing the bare minimum. But I was blessed with a fantastic DCM, Jeff Davidow, who later became the Ambassador to Zambia and is now the principal Deputy Assistant Secretary for African Affairs. He is one of the bright young (in his '40s) stars in the Foreign Service. Jeff was so good with people and with the system that he was able to help us manage the Embassy and overcome the problem of unevenness of the quality of the staff.

Q: Were there any political issues, such as Cuba that occupied your time?

REICH: Oh, very much so, because Venezuela was very active in the Contadora Group of countries (Mexico, Venezuela, Colombia and Panama), which was a group that was established in 1983 to come up with a Latin American solution to the Central America problem. But there were hidden agendas. Some were trying to keep the US out of the region. We battled with them over Central America *and* we worked with them in Central America.

I remember five weeks after arriving in the country, the Venezuelan Ambassador to the UN gave a speech which, in the opinion of our State Department, was a gratuitous anti-US speech. Very unusual for Venezuela. But I received direct instructions to go in and protest. Of course, I enjoyed that. My first protest, first demarche. In fact I got the word as I was making my courtesy calls--I was in Maracaibo, which is the second city in the country. I got a call from my office in Caracas saying that the Assistant Secretary, Elliott Abrams, wanted to talk to me. He did this over an open phone to make sure everybody was listening. He said that this was a gratuitous anti-American speech and he wanted me to go in and tell them that we didn't appreciate it.

I got a copy of the speech and it was one of those things that Latin American countries do in front of other Latin American countries to show that they are independent from the United States. But we didn't like it and had every right not to like it. So I went in and told the Foreign Minister, "Mr. Minister you know I am not a career diplomat so if I say something in a way that is not the way a diplomat would do, I hope you will forgive me." Then I proceeded to just blast them, nicely. He defended himself very well. But he was very uncomfortable, I could tell. He said, "Why are you doing this? Nobody pays attention to what anyone says in the United Nations." I said, "Obviously that is not always the case because somebody was listening. You can't just say those things in the UN and expect that nobody is going to listen. Every speech that is given is copied and circulated throughout our government and it is read not only by the State Department but the NSC and the White House." (I exaggerated little, but it was for a good cause). We never had any trouble like that again.

Q: How about Cuba? How did they feel about Cuba?

REICH: Well, I was dealing at that time with a government that was much more sympathetic to our views, the Lusinchi Administration. Venezuelans are not pro-Castro, but they love to find an issue with which they can differ with the US. Cuba provides them with such an issue. They know that Castro is a dictator. And they know that he has destroyed Cuba. But they don't like to see the US wielding a big stick. So they claim there are other ways of promoting democracy in Cuba.

There are times, for example, in the UN and other fora where they find a reason to oppose a US resolution. So, yes, Cuba was an issue over which we had some differences. But not serious differences, because President Lusinchi was very much anti-Castro. In fact, Venezuela had been a target of Castro's subversion back in the '60s and there were many military who remember how many Venezuelans died at he hands of Castro-supported guerrillas. But their public position sometimes differed from the private one.

I was a very public ambassador, I like to do all the public stuff which I think is the ambassador's job. I also like to manage, but since I had such a good DCM, he really was Mr. Inside and I was Mr. Outside, although we both had to spell each other quite a bit in those roles. But I did a lot of public appearances. For example, once a year each one of the Venezuelan military services had its annual day. There were parades, luncheon, with drinks (there never was enough food -- I like to eat and they like to drink). After a couple of drinks a lot of these generals would come up to me and say, "We think your policy in Central America is just right. I don't know why our government is not supporting it more." It was a very uncomfortable situation because I may have just left the Foreign Ministry where I had an argument with the Foreign Minister about Nicaragua or Salvador, and here are all these high ranking officers telling me that their government is wrong and our government is right.

Q: This is a very tricky thing.

REICH: Oh, very tricky. You don't even know what to say. You have to be very careful how you respond. I would say, "Why don't you tell your Minister?" Of course, they were not about to do that.

Q: How effective did you find our military assistance?

REICH: Very good. We had quite a few US military exchange programs in Venezuela. Venezuela has too high an income to qualify for military assistance, but it does buy advanced weapon systems, including the F-16 fighter, which is the most sophisticated weapon system we have sold in Latin America. The Venezuelans read up on our latest literature and know exactly what to buy. Whenever there was a blowup somewhere, like in the Middle East, and something new was used, they immediately wanted that.

By the way, that is a problem, because Venezuela is a friendly country and we do want to be as forthcoming as possible with them if they feel they have a legitimate defense need. But at the same time, Venezuela is surrounded by other friendly countries with which Venezuela has had some problems, such as Colombia...and once I was right in the middle of a flare-up over a border issue, which is very common in Latin America. The border between Venezuela and Colombia has changed many times in the last 200 years.

There is a body of water called the Gulf of Venezuela, which is where Lake Maracaibo empties out very close to the Colombia border which is claimed in part by Colombia. In August, 1987, Colombia decided, for whatever reason, to send a frigate to this gulf and anchor it there. The Venezuelans were quite upset and sent a couple of F-16s flying at supersonic speeds...which, by the way is a smart thing to do. They didn't fire any shots they just sent the most sophisticated supersonic airplane in Latin America causing, of course, sonic booms and breaking glass, over this frigate.

We were up a couple of nights waiting for something to happen because for some reason they decided to play around at night. The Colombians would send a Mirage in the middle of the night over the border to see how quickly the Venezuelans would react and the answer was "very quickly". It was pretty testy there for a while.

The Venezuelans asked me for a number of very sophisticated weapons at the time and that, of course, caused an enormous flap here. We have review committees, Defense, CIA, NSC, State, etc...and the Colombians were asking either for the same thing or for us not to give the Venezuelans something that would give them an undue advantage. Both sides were accusing us of siding with the other.

This was not true, we didn't want them fighting with each other. I remember telling the Venezuelan President and saying publicly...I happened to accept an invitation to give a speech at their equivalent of the National War College and the first question after my talk was from a colonel who said, "We have been friends of the United States, but Colombia sent troops to Korea, so therefore you will probably feel that you will have to repay them and side with them." I said, "Listen, Colombia sent troops to Korea because I am sure

they felt it was in their interest to do so. I can only talk about what is going on right now. If there is a fight between Colombia and Venezuela, three countries would suffer and they are: Colombia, Venezuela and the United States. That is because we are friendly with both of you. You are both democracies, you are sister republics." They were satisfied with the answer because I think they could tell we were genuine, honest.

In our hemisphere, if two countries fight, immediately the United States is drawn in. We end up getting a black eye, or two, as a result. So finally things calmed down. The Presidents of both countries started talking to each other and calmed things down.

I knew things were serious, for example, when they sent all of our military trainers and instructors home. That presence of our people is very positive. They have learned to see Americans as what we are, not as stereotypes. We are human beings, we do not have horns, we are not out to exploit somebody else's natural resources. There are a lot of exchanges and they come to our military schools. They have a large presence of military attachés here and we do there.

I also benefitted from our military presence because DOD had a little plane which I got to use. The presence of the Ambassador on the plane immediately opened up entire segments of the populations which they may not have had access to otherwise. There were no closed areas, but if the attaché said that the Ambassador would like to go visit the Amazon region, then they rolled out the red carpet. In many remote areas of their country, the military, as was the fact in our own frontier days, is the biggest presence. So it was very helpful to have our military there. I got tremendous access to otherwise difficult to reach areas of the country.

Q: The Assistant Secretary of State for Latin American Affairs is Elliott Abrams part of that time. He became a very controversial person. To my mind he got himself into a confrontation with Congress which is a losing situation. How did you see him from your point of view?

REICH: I had known him before when he was Assistant Secretary for Human Rights. In fact I had known him before that. He and I had come from a similar philosophical school to mine, which is the neoconservative...former Democrats who turned to the Republican Party. I have a very high regard for Elliott, as a person and as a colleague.

Q: What is the name of the paper...

REICH: You mean Commentary magazine? In fact, Elliott is related by marriage to it. He is the son-in-law to Norman Podhoretz, correct.

Elliott is a very smart guy and I frankly was surprised that he ended up in that situation. I think he did it out of frustration because I am convinced that he did nothing wrong. He is a lawyer and an honest guy. He would never knowingly do something illegal or unethical. But like most people who were around Ollie North...the figure of speech that I use to

describe it is that Ollie North threw a bunch of hand grenades around and some people got hit by shrapnel. You could be standing far enough away thinking you wouldn't get hit, but you still got hit. Elliott was one, I was one. I was just grazed, compared to Elliott. I think that Elliott was also seeing some of the dishonesty that I was referring to earlier in the Congress and in the press and he just got frustrated and lost his cool and let them have it. And I think, frankly, some of them deserved it. But you can't win a public battle with the press and the Congress.

Some of those people got their comeuppance, like Jim Wright, the Speaker of the House who left in disgrace. He used the Central America issue for partisan political purposes. The fact is that he did, in my opinion, actively undermine the policy of the Executive Branch. He established not only direct lines of communication with what was then a hostile government--the Sandinista government--but he had press conferences and other events to undermine the Administration position. Congress was never intended to do that, in my opinion, by the founding fathers. The Executive Branch was to execute policy.

Q: Did you have any problems with the White House or the State Department?

REICH: Nothing serious. I had the usual bureaucratic problems that everybody has. I remember in November, 1986 there was a Presidential meeting with the ambassadors of those countries with which we had a narcotics problem. Venezuela was left out. Compared to Bolivia, Turkey, Pakistan, Mexico, Peru and Colombia, it is true that Venezuela did not have a serious narcotics problem. But it was beginning to happen. There had been armed clashes on the border where Venezuelan soldiers were killed by narcotics traffickers. People were shocked in Venezuela that the narcotics traffickers in Colombia had the power and the temerity to cross the border and kill on Venezuelan soil. So I decided that it was in our interests to have me, as the Ambassador, to be present at that meeting. I had to fight the bureaucracy; they didn't want to invite the US Ambassador to Venezuela. There wasn't a serious problem compared to some others. The State Department said that the White House was in charge of invitees and I would have to talk with them (which was usually the way to get an Ambassador to drop the issue). The White House said that the State Department was telling them which ambassadors they want. So, I went directly to higher ups and I got invited. And it was very important. It got front page coverage in Venezuela that I was there promoting Venezuela's case in the battle against narcotics.

So there were little things like that. You fight bureaucratic battles every single day, which is one of the frustrations of being in the government that I don't miss. I think you spend as much time battling your own government as you do battling hostile governments.

Q: I have always told young officers coming in that the art of diplomacy really has nothing to do with dealing with countries overseas. It deals first within the Embassy and then within the government at home.

REICH: Absolutely right. Management problems within the Embassy can consume your entire day. Personnel problems that exist...I had a pretty large Embassy, over 300 people, including contractors, TDYers, etc. You have to deal with those issues. Then you have the press problems. I started out my staff meeting every morning by having my public affairs officer tell us what the headlines were, the big issues and anything that affected us and we might have to prepare guidance for. The mishandling of a public issue can also ruin your day. You only have one day and one day can easily be ruined by five or six different things, so you end up working very long hours.

Another, of course, is battling the bureaucracy in Washington, and there are so many different entities. Not only within State Department...you have all these various conflicting interests in State, all the Bureaus...but also the agencies represented in the Embassy. And there were other agencies that were not represented that still could influence.

I remember a very irresponsible thing that was done by an assistant US attorney in Miami. He sent, without telling the State Department or the Justice Department, customs agents and people from his office to Caracas on an undercover mission--without telling us! They tried to lure a Colombian narcotics trafficker into Venezuela. There could have been an armed battle in the streets of Caracas. Our own agents could have been killed because we didn't know another agency of our own government was involved. I had a rather large DEA contingency in the Embassy. They had the full cooperation of the Venezuelan government and they were after the same narcotics traffickers, and this idiot in Miami sent agents of the United States into a sovereign country without telling that country or his own. Things like that can ruin your day. That one practically ruined the entire month.

What happened was...the Venezuelan have very good intelligence, they know what is happening in their country. I got a call from their President's Chief of Staff saying, "Do you know anything about American agents here trying to capture a Colombian narcotics trafficker." I said, "No." He must have thought "either this guy, the American Ambassador, is lying to me or he is an idiot or is ignorant". Well, I was ignorant. And I was furious when I found out what had happened. First I asked DEA, thinking they were pulling something on me, but they knew nothing. I asked if Washington would have sent people without telling them. They said "No."

It took the entire day to find out what it was. I had to call the Chief of Staff back and apologize admitting that I had no idea they were in the country and they would be sent home immediately. And they were.

Now I do have to go.

Q: Well, I want to thank you very much.

REICH: You are welcome.

End of interview