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

ROBERT H. STERN

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INTERVIEW

Q: Today is the 8th of April, 2015. This is an Association for Diplomatic Studies and Training oral history interview with Robert Stern. We're conducting this interview at his place here in Chantilly, Virginia. I'm David Reuther. Bob, let's start out. When and where were you born and what was some of your family background?

STERN: I was born March 6, 1938 in Bronx, New York. I come from a working class background. My father was an immigrant from Poland. He came to the U.S. when he was 12. My mother was from Providence, Rhode Island. Unfortunately, my grandfather was an alcoholic, so she had to quit school to support her family, as she was the eldest. I have twin brothers, seven years younger than me, both electricians, who now live in Florida. I grew up, as I said, in the Bronx, not too far from the Yankee Stadium. As a kid I always thought everybody had a major league ballpark in their backyard. Who knew better? I went to New York City public schools and essentially lived the life of the average working class kid in New York. I didn't know that we didn't have any money because nobody I knew had any; but we were never actually poor; we always had plenty to eat, we had a decent place to live, and so forth. We just didn't have many luxuries.

Q: Tell us about your father. Immigrant from Poland, what part of Poland?

STERN: He came from Lublin, which is the third largest city in Poland after Warsaw and Krakow. It's located in southeastern Poland, the area toward the Soviet Union. Many years later while in the Foreign Service I had an opportunity to visit there.

Q: Now, what drew him to immigrate?

STERN: Well, of course it was my grandfather who chose to emigrate. We're Jewish and life for Jews in Poland has rarely been good, except possibly the first couple of hundred years. Anti-Semitism runs very, very deep. My family was very poor. My grandfather and my eldest uncles worked as cigar makers. They worked with Russian and Turkish leaf, rolling cigars by hand, so many Kopecks a dozen. As you can imagine, that's not exactly tall cotton. So a combination of poverty and persecution were, I believe, the primary driving forces. We had some family in the States, some cousins had already come over and I presume that they had painted a picture of life in America better than life in Poland. My grandfather made the decision to bring his immediate family -- my father, three uncles, and an aunt over. Curiously my eldest uncle, my father's brother Jacob known as Jack, had gotten to the Americas long before we did. He had been drafted into the Russian Army, prior to World War I. Poland was part of Russia at that time and they had a cute habit: They would draft Jewish kids for 25 years. And then they would try to send them to the furthest reaches of the empire where they

could be converted. Jack deserted and made his way to Odessa somehow and stowed away on a ship. And, I was told, he had no idea where it was going, other than it was leaving Russia. When they made port he was in Havana, Cuba where he jumped ship, settled, married, and had two children. His knowing how to make cigars of course helped him fit in in Cuba immediately. Jack never did come to the United States.

Q: What do you understand was the mechanism of how that immigration worked? Was there paperwork or—

STERN: Prior to 1923—and they came in 1921—there were no real laws or rules on immigration, certainly nothing that we as FSOs (Foreign Service Officers) know or use in our work as consular officers. Prior to 1923 if you wanted to come to the U.S. you just came. You basically only had to be literate and non-contagious. And interestingly, while everybody knows about Ellis Island, that's not the whole story. My wife's father's family was fairly well off, came first class on a ship from Sweden as it happened. If you were a first class passenger you just walked down the gangplank and into New York City. And that was it. They registered you to arrive, you had a perfunctory medical examination and you were done. If you were steerage class, which my father's family was, you went to Ellis Island and went through more rigorous health checks and everything else. But first class passengers, they didn't bother with that. I only learned that relatively recently. I thought it was pretty funny. The Immigration Act of 1923 tightened everything—that was the Nationalities Origin Act, which essentially restricted immigration to Western Europe. So for the Eastern and Southern Europeans, Latinos, Orientals, and Africans, quotas were limited to about 250 per country. When the Holocaust came there was no quota for Eastern Europeans. But fortunately my grandfather—and he died when I was still fairly young and before I thought to ask more questions of him—had already made the decision to leave and basically they walked from Lublin to Hamburg. They had saved enough money for steerage class tickets, but had no money for trains or anything else, so they walked. Took them a couple of weeks, but they basically walked, hitchhiked, whatever until they got to Hamburg, and then they got on a Hamburg-America ship. I don't remember which one, though I was told once. They came to New York where they had cousins and initially they slept on the floor in the living room of the cousins *(laughs)* until they got established. And they went into cigar making—it was the only thing they knew how to do—and eventually they went into business for themselves. First a cigar store/newsstand which over time morphed into, a luncheonette, candy store, confectionery type thing in Washington Heights, New York. Although my father went into the garment industry. He was the only one who didn't stay with the store. And he also was the only one other than my Uncle Jack, whom I never knew, who married. My other uncles and my aunt were all single, never married. So I don't have any cousins on my father's side. So a small family became smaller. My maternal grandfather came from Lithuania and my maternal great-grandfather came from Poland via Vienna and London to Rhode Island. And a number of years ago I discovered I have family in London, because apparently the group that worked its way from Poland to Austria to London, half them stayed in England and the other half went to New England. So I have cousins in London.

We're talking now in the 1880s period for my great great grandparents. My cousin Richard in London is a genealogy buff, so he's done an enormous amount of research. And thanks to him I have a great deal of information on that side of the family. I can remember my great-grandmother faintly, I was four when she died, and that's just kind of on the edge of my memory. My grandmother was born July 4th in New York City; a Yankee Doodle. And we

were of that generation where the immigrants wanted to put the old country behind them. My parents -- well, of course my mother was born in Rhode Island, so she had nothing of the old country, but my father, he was adamant that that was ancient history, he hated Poland, would never speak of it. I never learned anything about his childhood, could never get him to talk about it. His memories were all bad. And we were brought up, by God, we're Americans, we speak English. So even though my parents spoke Yiddish, they never spoke enough of it for me to pick it up. They were very careful to limit it. I was brought up to be a fervent flag-waver.

Q: Now, the area you were living in in New York City, was it primarily a Jewish area?

STERN: It was an interesting area, it was called University Heights. It was near what was then New York University's campus in the Bronx where the engineering school used to be. And that section of the Bronx abuts Manhattan. There's the river between us, you have to cross the Harlem River, but it's a short walk. I could walk from my house in the Bronx to where my grandparents lived in Washington Heights in 30 minutes, just stroll across the bridge, came out the other end and I was in Washington Heights. This was a mixed area. The neighborhood was split. On one side of the avenue, you had the Cathedral of the Sacred Heart, and that was very clearly Irish, although other people lived there too, but that was strongly an Irish neighborhood. My side of the avenue we had about eight synagogues, and we had the Church of St. Francis of Assisi, which is for the Italians. We didn't have any Protestants that I was aware of. I knew they were out there, because I'd read about them, but I don't think I actually met one until I got into high school, at least knowingly. Because my neighborhood was so strongly ethnic -- Jewish, Italian, Irish -- that that's all we ever saw. And it was an odd thing. Again, academically I knew I was in a minority, but you couldn't prove it by the way I grew up. And it wasn't until I enlisted in the Air Force that I suddenly discovered what it was like to be lonely in a crowd. I had a fairly uneventful childhood. The apartment house we lived in was next door to my elementary school so the schoolyard was always there and on a street lined with apartment houses there was no shortage of kids to play ball with. We were a generation of walkers. My parents never learned to drive and we walked or took public transportation. Unlike today where they call in the welfare people if you let a kid out by him/herself, we were always out of the house if the weather was decent. The subway in those days cost a nickel and in the summer, by the time I was ten or so, my friends and I would ride all the way to Coney Island in Brooklyn and spend a day at the beach for a dime round-trip fare!

The single major event of my childhood was, of course, the war. My favorite uncle (my mother's youngest brother) was drafted in 1942 when he was eighteen.

Q: You were three-years-old when the war began…

STERN: Well, I was just about four. We entered the war in December, I turned four in March. And I was already pretty precocious: fortunately/unfortunately -- I learned to read when I was three. And I'm a confirmed bookaholic. I always have been, I *love* books. I have a granddaughter who's as bad. And so when my favorite uncle was drafted in 1942 right around my fourth birthday, I became a devotee of war news. And I probably scared the hell out of people because here's this incredibly serious four-year-old, who wanted to talk about subjects that four-year-olds don't talk about. This is pre-television, but we had the radio. And every hour, you'd have five minutes of news and then the big news shows later in the

evening. And we'd go to the movies, and even if we went to the Saturday morning kids matinee, which I did, there were the newsreels, which always led off with the war news. And I had a map and I traced where my uncle was in the China, Burma, India theater, he was a radio man/aerial gunner, and saw a great deal of combat. As the letters would come in, my mother and my grandmother would tell me where he was and I'd put another pin on the map. So for those three years of the war I tracked his whereabouts, and that got me really interested in geography and who are these people and why are we doing this, and a fascination for Asia, which later came to fruition in the Foreign Service. And so I was pretty hung up on that. But that was, that's really the only major stuff I really remember from our childhood. I have two brothers seven years younger than me, they're twins, with that much of an age difference we never really had anything going. I used to say I'm an only child with two brothers. But later as we got older, into our fifties, the age thing went away and we're now pretty close, finally. Took a long, long time.

Q: Growing up in New York now, you went to public school?

STERN: Oh sure.

Q: Now did the Catholics go to a Catholic school and --

STERN: Mixed. Mixed. The Irish tended to go more to parochial school than the Italians. That's a generalization, of course, because certainly some Italians did, and I had some Irish kids in my public school. But I would say that predominantly the kids who went to parochial school were Irish, with an admixture of some of the other ethnic (Eastern European) Catholics. So we knew far more Italians socially than we did Irish, because, they were our classmates. And the building -- the apartment house that I lived in, we had a number of Italian families living there, so they're our next-door neighbors. It was always a very easy relationship there. Because the Irish went to different schools and because their cathedral was a ways away there tended to be both a physical distance and a cultural separation.

Q: You would have started public school in what, 1943 at five-years-old?

STERN: Yeah.

Q: So actually the war hadn't ended yet.

STERN: Oh no, no.

Q: And you're in kindergarten.

STERN: The war was a very big thing, even in kindergarten. They divided the kids up into groups and, you know, you had army, navy, air force, marines, and so on. I was in the Seabees and we collected scrap. And I think it was as much for giving us a feeling of participation as anything else. I'm not sure they ever used the stuff for anything, but we would get tinfoil from gum wrappers, things like that. Anything whatsoever. And you know, each group strove to earn points, I don't remember the specific way in which it was calibrated.

But I do remember the savings bonds; every week we would come in with 25 cents and we

had a book and we'd get a stamp and we'd put the stamp in the book. And when you got up to 18 dollars and 75 cents, you got a 25-dollar bond. In 10 years your $18.75 would become 25 dollars. I think three percent was the interest rate, or something. But bonds were very, very big. I mean bond drives in the movies, bond drives at school, bond drives at work. All to support the war effort and, as I learned much later on when I studied economics was intended to pull money out of the economy to prevent inflation.

My dad had been a milliner before the war, a maker of women's hats. He was already in his late thirties and married with a child when the war broke out. So he was way back on the draft list. But they weren't going to let him be a milliner, so he ended up as a welder in the Brooklyn Navy Yard. And strangely enough, at a time when most of the world had it pretty miserable, to say the least, we never had it so good. I mean my dad was making very good money as a welder. Rationing American style is hardly difficult or hard. I mean one day a week you did without meat? *(laughs)* I mean big deal. About the only thing we didn't get were a few tropical products. I mean I had to wait a few years to eat a mango. I mean *(laughs)* -- everything else came up from Latin America or we grew it. With all the sugar, for example, grown in Hawaii and Louisiana and places like that, it was never any real difficulty. I don't remember, any hardship whatsoever. We ate very well. And I compare that to the stories that my European cousins told me in England, how tight things were, the rationing, not only during the war but for a number of years thereafter, other than every family had somebody in the service and we knew what a blue-star meant and what a gold-star meant. That when -- notifications were all made by Western Union, and when the telegram -- the Western Union guy would show up on your street everybody would freeze, see which building he was going into. Because he only came -- a telegram in those days was big stuff -- it meant that somebody had been wounded or killed. So he went into your apartment house, I mean everybody collectively held their breaths, which apartment was he going to. So you know, that -- the war remains probably the most vivid thing in my mind of all my childhood, even though it was only from the time I was four to the time I was seven. But that covered everything, I mean, you couldn't go anywhere, do anything or whatnot, the war was omnipresent.

Q: Did your family have a car at that time?

STERN: No. My family never had a car. My parents never learned how to drive. I'll tell you a funny story about that later, but. In New York, you don't need a car.

Q: Right.

STERN: I mean we could walk to the corner and in those days there was a trolley stop right there, now it's a bus stop. I could walk about half a mile and I would be at the elevated station. And two blocks further on there was another subway line, an underground line, so I had two subways and a trolley, all in the neighborhood. I could go anywhere for a nickel. A car was a silly extravagance; nowhere to park and the upkeep was far greater than use of convenient and very efficient public transportation.. When I went in the Air Force at the age of 18 I also didn't know how to drive or ride a bicycle. After I finished training and went overseas to Japan, my squadron mates; for the most part southerners and Midwesterners; they'd grown up driving tractors since they're 10 and they looked at me, "You can't ride a bike? You don't know how to drive? You grew up under a rock." So I suddenly went from what I thought was a pretty cool, suave New Yorker to discovering how really parochial I

was.

Q: (laughs) When the war ended how did that affect your dad's job and --

STERN: Well, when the war ended of course they immediately started shutting down all the war work. And my dad went -- you know, again, I was seven at the time so I don't recall the specific details, but he went from being a welder to going into the ladies' garment industry; he was a pattern maker. And how or why he specifically went into that rather than going back into millinery I honestly don't know, but he spent the rest of his life in the garment industry. Actually the only career advice he ever gave me, was don't go in the garment industry.

Q: You said you'd been reading since three. By junior high were there some authors or books that you were thinking were quite influential?

STERN: Yes. I should point out that one of the problems with being both literate and numerate in kindergarten was that this was back in the day in which you didn't have nursery schools. So very, very few kids entered kindergarten reading and writing, unlike today. So while the teacher was busy teaching other kids the alphabet, I was sneaking my mother's Perry Mason books at the age of five. And as long as I didn't cause problems they kind of left me alone. So I didn't learn to work and play well with others, because I was never with them. I thought they were a bunch of dummies.

Q: Now, how was it that you read at three, I mean you said your mom --

STERN: Well, my mother loved books and she read to me constantly. And she had the habit -- again, I'm repeating what I've been told. Obviously I don't remember this. But apparently she ran her finger along the line as she read it. And I began to identify the words by sight She maintained she didn't teach me to read, that I taught me to read. But it was because she read to me all the time. In those days very few women worked outside the home, and I was the first-born and it was seven years before there was another, so she had a lot of time for me. I was king of the roost and she and my aunt, who was 11 years older than I, kind of like my big sister, both of them read to me all the time. And I picked it up.

Q: And you liked Perry Mason.

STERN: Yeah, I did then. Actually the earliest author that I can remember that really had an impact on me was F. Van Wyck Mason. Well, he's long dead now -- but he wrote historical novels. And he was one of these guys who took the trouble to do the research. His history was accurate. He wrote well, he was a great narrator. And he really knew how to tell a story. But he also put in all of the history that went with it. And I became so fascinated that it led me into pure history, because I wanted to know more. So I devoured his books in particular and then I was a science fiction fan. Grew up on Robert Heinlein, Isaac Asimov, all those guys. But Mason I would say probably had the most seminal influence on me because he led me to my love of history, kind of beguiling me into it. I can still remember some of the early books that I read on the American revolution, on the English civil war, the Roundheads and the Cavaliers. And the Spanish Armada, all of these things. And it just opened my eyes to the fact that it was a huge world out there. And all these things had happened and these peoples were out there. I've had this wanderlust ever since, I want to see what's on the other side of the hill.

Q: Now, as you proceeded through school, were there some teachers that you were particularly fond of or particularly noticed you?

STERN: No. I was in all honesty a pain in the ass because I unfortunately never learned good habits. I coasted through grammar school without cracking one of their textbooks because my reading level was far above grade level, as was my arithmetic level, I didn't need to. So I developed an incredible ego, and then when I finally reached the point where there were subjects that you actually had to study for, I didn't know how. And collaborating with others, I didn't know how. I'd painted myself into a corner. And I look back frankly as my junior high school and high school years as horrors because -- I mean the word underachiever is British understatement for the way I went through school. And I just didn't know what the hell I wanted. I was completely aimless and goalless and I hated formal education. And again, it was a result of my going my own way. To some degree I blame the war years in that during my first years of school, these were the years that for the first time there were jobs open for women. So all these great women schoolteachers that we'd had all went to work in defense industries for a hell of a lot more money than teaching elementary school. So we had big classes, 35, 40 kids in a class. Teachers didn't have time to single someone out and say oh, this kid needs special attention. If I was quiet, that was good enough. So I locked in my misanthropy, I guess, which stood me in pretty bad stint. And it wasn't until, strangely enough, I got into the Air Force that I broke out of that.

Q: Now, you're making the point that World War II stimulated your interest. When you're 12-years-old the Korean War starts. Did that have the same --

STERN: Yes. That coincided with us getting our first television set in 1950. I was 12 and suddenly there was film every day, in my living room; not *real time* as we know it today, but compared to what I had been used to where I had to wait a week to get the newsreel, the fact that I could watch every day film from Korea was fascinating. So I learned a great deal from Korea. I've always loved the library, so I would go in and get books on Korea and get books on everything I could get like that to learn about it and read about it. But I wasn't especially interested in what they were doing in school. And again, I was allowed to slide. And much of this came back to haunt me in later years. You pay -- sooner or later you pay.

Q: So when did you start high school and what was high school like?

STERN: Oh God, high school was -- I guess I started high school in 1953, so 1953, 1954, 1955 were my years in high school I guess. Yeah. Tenth, eleventh, and twelfth. My junior high was seven, eight, and nine. Came, slept, and graduated I think would be apt. I finished in the lower five percent of my graduating class. I have not a single good memory of high school. I have never gone to a reunion -- I didn't even attend my graduation. There is an alumni association right here in Washington. Periodically they try to get me to join, I'm totally uninterested.

Q: Now, I'm not too familiar with New York. Is this one of these schools that's just a number, P.S. 13 or --

STERN: No. There are numbers up through junior high, although some of them have names. High schools all have names. I went to Dewitt-Clinton High School, named after the famous

governor who built the Erie Canal.

That was another major mistake on my part. The local high school, the one that I normally would have gone to was Taft, William Howard Taft. And that was a coed school. I chose to go to Clinton because a number of my friends went there -- they were athletes -- and Clinton was all boys. I think I might have made more of an effort if I'd been at a coed school because I wouldn't have wanted to look like a dummy in front of girls. Now again, who knows? But I wonder whether or not that might have taken me in a different direction. But again, you know, you take the fork in the road and that's it.

Q: Now, out of high school, you went into the air force.

STERN: Not immediately. I started engineering school actually. I went to the Academy of Aeronautics in Long Island City, New York. I wanted to study aeronautical engineering. It didn't take very long for me to figure out that this was a very big mistake. That I didn't have the aptitude, I didn't have the background, and I really and truly didn't have the interest. The only reason I was in college was because it was expected of me. And once again, I was doing, you know, the good dutiful son routine. And I had no idea what I did want. I mean I was completely clueless. I had been in the Reserves, starting in my last year in high school,, when I was 17 I joined the Air Force Reserve. I'd always been interested in aviation, I'd been a Civil Air Patrol Cadet when I was a kid,, post Boy Scouts. So I went down to my reserve unit and I said I wanted to be activated. And that was on a Friday and I left on Monday. Much to the unhappiness of my parents. I went down to basic training in San Antonio and then up to Wichita Falls, Texas to Sheppard Air Force Base where I went to technical school and I trained to be a mechanic on the B-66, which was a relatively new aircraft in the inventory at the time. And when I graduated from tech school I went to Japan for two years. I was stationed at Yokota Air Base just north of Tokyo. First as a mechanic, an assistant crew chief, finally at the age of 19 I was a bomber crew chief, which was the most responsibility I'd ever had in my life. And I look at the Air Force really as the turning point in my life in that they didn't put up with any crap from me. I couldn't go off and do my thing. I *would* work with other people. I *would* do what everybody else did. I *would* do what I was supposed to do, and that was the end of it. And I discovered that I could *(laughs).* And you know, at first it was hard, but I learned to work with an incredible range of people that I never would have met anywhere else. From all over the U.S., all kinds of different backgrounds.

Q: You met your first Protestant (laughs)?

STERN: Yes. Well, I actually met them in high school.. But I also got exposed to Jim Crow when I went in the Air Force.

I understood from books and newspapers that there was such a thing but I never saw it physically in New York. I mean I went to school with black kids. Nobody thought anything of it. These are classmates. Went into a restaurant and there'd be black people in a restaurant or a movie theater, so it never occurred to me to think about it. This was just the norm. And then I got to San Antonio and suddenly there were signs, "White" and "Colored," and that was quite a shock. To be going through basic training and sometimes the sergeant would be a black guy and he would be just all over us, you know, the way they do in basic training, just be all over all of us, including these good ol' Southern boys. And they would be all yes sir, no sir, three bags full sir, but on their own the prejudices ran very, very deep. But once they

put the uniform on it was fascinating. They were able to compartmentalize themselves and take orders from a black NCO or a black officer. Even though the minute the uniform came off they reverted. So that was when I first discovered how it's possible to hold two conflicting ideas in your head simultaneously *(laughs)* and not worry about it. Because I watched them do it. It gave me another look at a world that I had never experienced personally. I'd grown up really in an insular community where most of the men were in the garment industry, most of us came from an Eastern European background. The majority of us had one immigrant parent, or if not an immigrant grandparent. None of us were very far from the immigrant experience. And suddenly these people I was with in the Air Force, from Alabama and Mississippi, and you name it. Totally different, I mean they could not possibly have had different backgrounds than mine.

Q: How did you get from New York to San Antonio?

STERN: By train. We took a Pullman to Saint Louis. I forget how many of us in the Pullman car. And then we changed trains in Saint Louis. And interestingly enough, now we had compartments, these little roomettes, one man to a compartment. It was luxurious!

Q: And this was a bunch of guys from New York.

STERN: Yeah, this was all a New York-New Jersey group and we all went down. But because I had been in the Reserves and had already taken a part of my basic training, I was separated as we got there and those people who had no experience, the great majority, were pushed off to one side. And I was put with a group of people who had previous service and now had reenlisted after having been out for a while, or had been in the Reserves or the National Guard. So we had an abbreviated basic training, basically brush-up rather than have to go through the whole thing all over again. And at 18 I was probably the youngest in my group, because so many of them had prior service. But that didn't last all that long before we were sent our separate ways to tech schools quickly. Because in the Air force you would go to school. Once you finished basic training *you will go to a school*. And so off to Wichita Falls.

You know, going through tech school is a dreary experience. You essentially get up at a ridiculously early hour, do calisthenics, stand reveille formation, and march to eat breakfast. Classes start at six a.m. You go to school from six to noon. Then you have lunch and in the afternoon you have fatigue details until dinner, after dinner you're free. But considering the fact that you're going to be up at 4:30, you're not going to stay up too late. So you go through I think it was about four months of tech school. And then I got lucky. I had asked for overseas duty and I got Japan. I would have gone anywhere, I just wanted to see something of the world. So I went to Yokota Air Base, as I said outside of Tokyo. And this was 1956. The Japanese economic miracle was beginning but had not reached fruition. The average wage in Japan in those days was 9,000 yen a month, which at the then current exchange rate was 25 bucks. I was making $105 a month (before taxes), which is not exactly earth shattering, but compared to a Japanese family and the fact that I paid no rent and my food was free, I was a relatively wealthy young man. And my new squadron mates took it upon themselves to teach me a) how to ride a bicycle, and b) how to drive a car, because they thought it was hilarious that I couldn't. So I learned how to ride a bike within the first week, because our barracks were about two miles from the hardstands where our aircraft were. Everybody else would jump on their bikes and motorcycles, and I would walk. Didn't take

me long to figure out I don't like this and yes, I will learn how to ride a bike. And a few weeks after that I got my first motorcycle. Wasn't going to work my legs off to give my rear end a ride.

I learned how to drive on flight line tugs pulling airplanes. Because you can't get these things to go over 25 miles an hour. They're very, very powerful, but very, very slow and they have a four-speed shift. So I learned how to drive with a clutch and a shift and everything else at very low speed pulling airplanes. And that's when I got my first driver's license.

I always do things backwards it seems, you know *(laughs)*. I back into things.

Q: Now, were you in Japan your entire enlistment?

STERN: No. No. I would have liked to have been, but when my two years were up and I tried to extend they said, "Get in line. Everybody wants to extend." You've got to understand, again, 1956, I'd just come out of the training command in which you spent an enormous amount of time doing fatigue details, mopping, sweeping, cleaning, making beds, pulling KP, you name it, all the scut work. Well, when we landed in Japan we were at a replacement center to start with, because we were all going to different squadrons in Okinawa, Korea, and Japan. So they were doing the paperwork, the processing.

Q: Did you know where you were going before?

STERN: I did, yeah. I knew what squadron I was going to and I knew where it was. I had my orders. But they had to do a certain amount of processing beforehand. So we're standing there in formation, we'd just come from Haneda Airport where our plane had landed. It was late at night, raining and the air was pungent with the stench of human waste fertilizer. Welcome to the exotic east! And I was lucky, I had been on a Pan Am charter rather than a military flight, so it was relatively speaking comfortable. When we got to the replacement center, they lined us up and they explained: "You'll be here from anywhere from one to two weeks while we process you, da-da-da-da-da-da. And we're selling meal tickets now for five bucks a throw." And all of us got outraged, "What do you mean? That's part of our salary, we eat free."

And the sergeant said, "Yes, you do. But for five dollars, what you get is KP service. You don't have to pull KP, the Japanese will do that. You don't have to make your beds, you don't have to clean the latrine, you don't do any of that and you also get membership in the Airman's Club. Five dollars a month buys you *all of that*." You never saw so many five dollar bills fly in all of your life.

I said, "I think I've died and gone to heaven. I don't want to go to my squadron -- I'll stay here at the replacement center." So I was there about 10 days and my line number was called, and off I went to Yokota. And again, the ubiquitous five dollars a month got us houseboys in the barracks. Plus, the KPs and maid service and all that. It was just amazing. Coming from the worst chicken you can imagine, what you go through during training, to this idyllic environment. I mean we went to the mess hall and we didn't eat off metal trays; we ate off china *plates*. And when you finished eating you left the plate on the table and you walked away and they cleared the table for you! Unbelievable. And they swept the hangers, they made your beds, they took the laundry out, they changed the linen, they cleaned the latrines.

Amazing. I mean none of us wanted to leave to go back to the U.S. But there was a strict policy. You're doing your two years, and that's it. I was supposed to go back to Shaw Air Force Base, South Carolina and again, work on B-66s. I didn't want to do that so I volunteered for instructor duty and I was sent back to my old technical school in Wichita Falls. And I first went through six weeks of instructor training, which was one of the best schools I've ever attended, and I taught the B-66 program until they closed the school. As I still had a year to go on my enlistment, I was transferred to Amarillo Air Force Base in Amarillo, Texas, and I was cross trained on the F100 fighter program and I taught the F100 for my last year. And I made it all the way to E-3, my highest rank. We were frozen in grade in those days.

Q: And these were all teaching duties. You were teaching --

STERN: I was teaching. I taught, yeah, different blocks of instruction. For example, one day I might teach landing gear systems. Another day I might teach ejection seats. We had different blocks of instructions taking you through the aircraft. And so, I would teach all of these things. There were separate schools for the guys who did the electronics, or the armament. I didn't get involved in any of that. I worked on the basic airframe, and a little engine, but not much. You had engine specialists.

Q: Who built the B-66?

STERN: Douglas. It had originally been a navy airplane called the A3D Skywarrior, which Navy guys said stood for All Three Dead. And the reason they said that was because it was the largest airplane of the day to land on a carrier. And to save weight they didn't have ejection seats. They had a little tunnel. So if you had to get out of it in a hurry, you were supposed to get out of your seat and dive through the tunnel and come out the bottom. And everybody figured the chances were from very, very small to none, which is why it was known as a crew killer. The Air Force liked the airplane, and had Douglas make it for them, but modified. Made it bigger, different engines, ejection seats and whatnot. And the first of them came out of the factories in 1957. So quite literally I was the very first crew chief ever on my airplane. I'm still a member of the B-66 Association. They never made very many of them. Most people have never heard of the plane. But anyway, I taught that program. And I enjoyed it. I found I really enjoyed teaching. I found it challenging, here I have this bunch of 18/19-year-olds and getting them at six a.m. in the morning when they're not at their sharpest and kids dozing off. It was a challenge. And I really liked it and I felt that the six weeks of instructor school I'd been given had really put me in a position where I could do the job. So I felt good about myself, I liked what I was doing, and at one point I seriously considered staying in the Air Force. But unfortunately, this was the period after Korea and before Vietnam. The Air Force was shrinking very rapidly. I was unable to be promoted to the next highest grade because my skill code was frozen. They had so many people left over from World War II and Korea that it was absolutely *blocked*. And it wasn't until these guys would start retiring in the early '60s that they would be some small movement upwards. But again, the size of the service shrinking at the same time worked against you as well. I passed all the exams for OCS (Officer Candidate School) twice, but they didn't hold any OCS classes. It was pointed out to me that: "We can't even commission all of the ROTC (Reserve Officers' Training Corps) graduates. We put most of them in the Reserves and the National Guard. Only the top ten percent come on active duty because we've got the guys coming out of the academies and we have no place to put officers." Of course that would change dramatically

once Vietnam hit. So I said, “There is no future for me here,” In 1960 I got out.

I went back to New York and I got a job working for a paper company as a salesman selling paper to printers, publishers, and advertising agencies. Met my wife, got married, and went back to school at night. I was going to Queens College, which again is part of the City University, so again I’m still with the New York City public school system.

I was also working a second job at night. Because when you work as a trainee salesman you get minimum wage and I was trying to save up a couple of bucks because by this time I was engaged, and I wanted to build something. So after we got married and my wife had her degree, I went back to school. And the idea was that I was going to get my degree in history and once I graduated we were going to move out of New York -- Connecticut, New Jersey, Long Island somewhere -- and I was going to be a high school history teacher. Because I really liked teaching and I loved history and we were saving her salary and living on mine so we would have money for a down payment on a house. You know, two and a half kids, white picket fence, the whole routine. And one night I came home from school, about 10:00 at night, my wife was waiting dinner for me. And while we were eating she -- she worked for an advertising agency. She told me that she’d had lunch with a couple of her colleagues and one of them had a cousin who was a Foreign Service officer, and he was on home leave from Jakarta. And she was talking about him. And my wife said to me, “Doesn't that sound interesting?”

And I said, “Yeah.” I said, “I wonder what it takes to do that.” And of course we didn't know.

So the next day I called the State Department and I said, “What do you have to do to get in the Foreign Service?”

And they said, “We’ll send you the package.”

And I said, “OK, thank you.”

Now, when my wife went into the Civil Service originally working for the social security administration, she had to have a degree to get a GS-5. Well, this package comes and I’m reading through it and I can’t find any educational requirements. So I figure I must be missing something somewhere. So I called the board of examiners and I said, “I don't see anything. Could you steer me toward the correct page?”

And she said, “No, you’re not seeing it because it’s not there.”

And I said, “Really?” I said, “Why?”

And she said, “Well, we’ve never been able to figure out what makes a good FSO in terms of background. So we test for what we want, and if you’ve got it we don't care where you’ve gotten it from.”

So I said, “Well, isn’t that interesting. Talk about meritocracy.”

So I went through the whole thing and I filled out all the papers and sent them in to take the exam. I told my wife, “This’ll be interesting, I’ll learn a lot by taking the exam and I’ll know

what courses to take, for the future to when I take it the next time." I mean I really didn't expect much the first time around -- also when you go to school at night it's very different from being a full time day student. It's a job. You show up for class, class is over, you leave, you go home. You don't have any social life on campus. You're not aware of anything that's going on around you. You're very, -- what's the word -- you're channeled. So I didn't have a clue what the Foreign Service was or how attractive it was or how difficult the exam -- I knew nothing. I was a naïf. The day came for the exam. It was a Saturday in December 1965, and I went downtown to one of the federal buildings in New York. And I thought there'd be five or 10 other people taking the exam with me, you know, for this obscure thing. And instead there's this *huge* auditorium, *packed. Thousands.* I said, "Oh my God, obviously I didn't get the memo. All these people knew what I didn't." So this was back in the day -- and probably for you as well --when it was an eight-hour written.

Q: Something like that.

STERN: Yeah. So you remember the eight-hour written. We finished the first four hours and broke for lunch. And I couldn't believe how hard it was, I mean it strained every brain cell I had to get through that four hours. A bunch of us went to lunch. I discovered everybody else had a master's degree *(laughs)*. So I kept very quiet. Not the easiest thing in the world for me. And I said, "Well, I'll learn a lot by taking the exam. I mean I'm not like these guys where I've got to pass now. I've got a job and all."

Went back and took the afternoon part, went home, and Carole said to me, "Well, how did you do?"

And I said, "You know, for the first time in my life I don't know." I said, "I could always tell you within a couple of points how I've done on an exam. I either aced it, I bombed it, I was in the middle. I know." I said, "This exam they asked about every damn thing in the world, they kept jumping all over the map on questions. You never could get two questions in a row, it was like running a mental marathon. And I don't have the *faintest* idea how I did."

She said, "Well, what should you study?"

I said, "I don't have the faintest idea on that either. The best answer would be everything." I think to pass this you have to have been studying since you were five years old!

Again, we didn't think too much of it because this was not something I ever really set my heart on. It was just an oddball thing that had come up. A couple of months later, another Saturday morning as it happens, I went downstairs to do some shopping and the mailman has just been there. And I opened the mail and there was this great big thick manila envelope from Washington. I yelled to my wife I'd passed the written. She said, "How do you know? You haven't opened the envelope."

I said, "No, but if you fail you get a nice eight by ten letter inside a number ten envelope saying thank you very much." I said, "If you pass there's always more paper. That's the government." So sure enough I passed, which surprised the hell out of me, but I was delighted. And then I did all the required stuff. Wrote the bio, wrote why I wanted to be in the Foreign Service, filled out a million pieces of paper, and went for the orals in March. And by this time I had learned enough to know that it's the many are called but few are chosen

sort of thing and a lot of people take it more than once. My oral was held at the U.S. Mission to the UN. That's where they were giving the orals for New York then. And as I'm sure you recall, it was like a court martial. There were these three guys sitting on a panel and there I was facing them and they'd given me, as they do in the Foreign Service, this bio of each of them. And I guess they think this is supposed to help you understand who these people are. Scared the hell out of me *(laughs).*

I looked at these guys and their accomplishments and their backgrounds. I mean they were *wow.* You know, it was intimidating as hell. So they started asking questions and to my surprise they only asked questions in areas I knew. And God knows, there's so many things I don't know a thing about. But the worst part was that I'd give them an answer and I'd feel I really had done well on the answer and they'd just look at me blankly and say, "Thank you, next question." Zero feedback. It was like talking to three undertakers. And this was very unnerving because you're used to getting something back. Getting nothing. Not good answer or bad answer, *nothing*. Damn thing went on for over three hours. And I'm thinking, "What the hell is going on?" I'm sopping wet from nervous perspiration. I smoked a pack of cigarettes. I'm dying. And finally they got to a question that I should have known the answer to and I just had a brain freeze, I locked up. And I said, "I'm very embarrassed." I said as a -- because it was about New York. I said, "As a native New Yorker I should be able to answer this easily." I said, "But I've just had a brain freeze. I can't think. Can we go to the next question and come back to this one?"

And they said, "No, thank you. That will be all. Wait outside."

I figured well, that's it. You know, I just blew it away. And of course the minute I walked out the door I remembered everything. I wanted to go racing back in the door, "I can tell you! I can tell you!"

And the secretary said, "How'd you do?"

And I said, "Oh God."

And she said, "If it's any consolation, everybody comes out that way." So about 15 minutes later they called me back in and they said, "We're not going to make you wait." And they said, "We're recommending you for approval for commissioning as an FSO-7." Again, I was hoping for an FSO-8, step one ranking. But because of the salary I was making at that point, at this point I was manager of the sales service division of a major paper company so I was making enough money to qualify as a seven. I was -- I couldn't believe it.

Q: I wonder if your military kicked in.

STERN: No, it's salary. Basically they try to take you in close to the salary you're making, but no higher in those days than a seven. Great. I mean then they explained to me about being on the list for one year and if you don't get called within that time and so forth and so forth and so on. And I could -- I had no idea of course where would I be on the list. My name would go up, my name will go down, will they call me, won't they call me? Then of course I took the physical, Carole and I both took physicals, we did the security thing, we passed all of that stuff. And then it's wait and hope for the best. Meanwhile I'm still going to school at night, I'll still working full time. And then the first of August I get a call at work. And this

was the board of examiners. Can you talk? And I said, "Well, not actually."

They said, "Well, here's the number. Call collect."

And I was working at the time in the Grand Central building in New York City, right above Grand Central Station. And I went racing downstairs and there were coin phones in the library, which is something you don't see any more.

And I immediately called back and they said, "There's going to be a class," I think they said on August 16th. "Can you be available?"

I said, "I'll start now. Yes, I can be available" *(laughs).*

They said, "Fine, we'll send you all the information and material." I just was absolutely dumbfounded. You know, I couldn't believe it. I'm actually getting in!

Q: Let me back up a little bit from August 1966. You're probably focusing on other things, but a number of things happened between the time you -- 1960, get out of the Air Force. Kennedy was assassinated in 1963.

STERN: Yes.

Q: Where were you and how did you hear?

STERN: Actually, this was strange. I was working at the time for a company called Crocker-Hamilton. I was in their sales service division. And we were sitting, you know, working telephones and whatnot, getting calls. We -- Crocker-Hamilton were paper mills. And we dealt with paper merchants. And one of the fellows I was working with got a call from his wife saying that the president had been assassinated. And we had been bantering all morning about the president of our company whom we thought was a real jerk. So he looked at us and said "The president's dead."

And immediately we all thought, "Good."

He says, "No, no, no, no, no, President *Kennedy."*

"Oh my God."

I had a good friend who worked for ABC News and I was able to get through to him before the deluge of calls completely stopped everything. And he filled me in and of course, you know, just the horror of it. That night with another couple we drove to Washington and we stood all night long in a line, which began at Lincoln Park and went all the way to the capital to walk past the catafalque. I think we were on the line like nine hours. And it was a very strange experience. Everybody was extremely pleasant and cordial. People had flown from California, flown from all over the country to be on line. It was, a very moving thing. And you know, you finally got there and you walked past the catafalque and all that and you got about 15 seconds in the rotunda overall, which you had spent nine hours on line for. And then of course my wife had worn heels, which was a terrible mistake. But in those days, women dressed up. So her feet were killing her. But then we, stayed and we watched the procession,

coming down Constitution Avenue, to Arlington Cemetery, and then we drove home.

*W*e also had the Cuban Missile Crisis to watch in 1963. And we got to watch Selma. 1963 was quite a year.

Q: Well, that's Dr. King "I have a dream" speech too.

STERN: Well, that came a little later. But we saw the riots. We saw Little Rock and we saw the governor standing in the door. Segregation today, segregation tomorrow, segregation forever. And we saw the unbelievable viciousness and hate on people's faces. You know, siccing dogs on them and whatnot. Now, some of it was not a surprise to me, as I'd known some of these people when I was in the air force. They were virulent, I mean they were quiet when a black NCO was around, but when it was nothing but whites they gave vent. And backing up a little bit. While we were fully integrated as far as the military was concerned, socially it was a very different story. Outside the base of Yokota is the town of Fussa-Machi. That was a *white* town. All the white airmen went to Fussa for booze and broads. Five miles away was the little town of Showa. That's where all the black airmen went. And never the twain shall meet. It was understood, this is where you go, this is where they go. Amazing. So I could have a black assistant crew chief who worked with me all day long and I was very friendly with, but I couldn't go out and have a beer with him unless I did it at the club on base. If I wanted to have a beer at night, impossible. He had to go to Showa and I had to go to Fussa. So that was strange.

Q: This was also the time that Vietnam was beginning to –

STERN: Yeah, but it wasn't really more than on the edge of our consciousness in '63. It was just beginning -- I mean I remember the incident in Tonkin Gulf, and the Tonkin Gulf resolution and all. But at this point I was a newlywed. I'd gotten married in 1963. And I was going to school and trying to get everything organized and my mind wasn't really there. And also as someone who was a veteran I wasn't really concerned about the draft, so my mind wasn't there either. It didn't -- I guess it was more like about '65 that the reality of Vietnam and the numbers of people who we were sending over there and the almost real time coverage on TV started to sink in. Because even then they were shooting film, the film had to be processed, everything had to be set into kinescope and whatnot, until you got it on your home screen.

My class, the 74th class, was heavily veteran. I think close to two-thirds of us were veterans. Which is not of course true today. We had one guy who had been a lieutenant-commander in the Coast Guard, I remember. He was USIA. We had a captain who'd been a navigator in the strategic air command. We had a couple of guys who -- one guys who'd been -- a marine lieutenant who'd been a platoon leader in Vietnam.

Q: Who was that?

STERN: John Finney.

Q: Do you recall any of the oral questions that you were given --

STERN: Yes. *Vividly.*

Q: And did Vietnam intrude on them?

STERN: No.

Q: What were those questions like that? Not the one you missed, but --

STERN: Well, the first question I remember was -- you need to remember, this was 1966. "There have recently been a number of military takeovers in the new African Republicans, OK? Two-part question. In your opinion, a) is this a retrograde movement? And b) is it or is it not analogous to the South American military juntas?"

Yes, I remember the question vividly. Fortunately for me, The New York Times magazine had run a series of very good articles in the previous weeks, so I had read it, I read The Times magazine every Sunday. So I actually knew something about it and was able to give what I thought was a pretty good answer. I'd also studied Latin American history, so I was in good shape on that. What else did they ask me? Oh. They said, "You served in Japan."

"Yes."

"You're now the cultural attaché in Tokyo. You're asked to bring three American plays over. They can't be musicals because musicals cost too much money. Each play has to be American and has to say something positive about the United States to the Japanese. What three plays would you pick, and why?"

So yeah, I thought -- they were pretty good on that stuff. It was tough. But again, I'm a New Yorker. I go to the theater. And I'd served in Japan. They knew both of those things, which is why they asked me that question.

And the one I bombed on was the importance of , of all things, the Erie Canal. The Hudson River and the development of the United States.

Q: Well, you're working, you're doing night school. What kinds of things were you taking at Queens College?

STERN: Well, I was taking all the basics; liberal arts undergraduate courses. I took math and science for liberal arts dummies; and I was taking history and economics, English. You know, the standard liberal arts curriculum.

Q: How many credits did you finally end up with?

STERN: Forty-six.

Q: And how many did you need to graduate?

STERN: Hundred and twenty. I had a year and a half toward a four-year degree. Interestingly, in 1972 when we came back from six years overseas I went to the econ course at FSI and did pretty well in that actually. Several of my professors who were from American University and GW thought it was ridiculous that I didn't have a degree. So they were going

to work out a program for me where I could get credit for what I knew and maybe take a few more courses and I'd have my BA. And I said, "Well, that's fine with me." And it turned out that all the schools said basically, "We'll give you an exam in each of the subjects. If you pass the exam we'll give you the credits and you'll write us a check for the course."

And I said, "Well basically you're telling me you're a diploma mill and you're going to sell me a degree. You're not going to teach me anything. I don't have to set foot in class. But if I can prove I know it all I can give you a check and you'll pat me on the head." I said, "No thanks. I'm happier without the degree." So I didn't take them up on their kind offer. I didn't feel like spending thousands of dollars, which I really didn't have, I was a junior officer with two babies. You know, to buy a degree. I mean I felt that was ridiculous. And it hadn't hampered my career.

Q: About this point in our interview I want to talk about the A-100 course.

STERN: Sure.

Q: How did it strike you and who were some of the lights that were in it?

STERN: It was pretty obvious to me from the beginning that the purpose of the A-100 was to have some place to park us while they were processing paperwork. We did some interesting things. They gave us a couple of projects and whatnot. But I didn't find it terribly substantive. But having been in the military I recognized that there's a certain amount of bureaucratic wheels that have to roll and turn. Alex Davitt I remember headed the program and I thought quite well of him. I thought he was a very savvy guy and handled this mixed bag of people in front of him quite well. I was very intimidated by my classmates initially. Great many of them had gone to schools like Fletcher and SAIS (School of Advanced International Studies), Georgetown School of Foreign Service, and all of that. Many of them had been Peace Corps, many of them had worked for senators and congressmen. All kinds of stuff. And you know, I was coming in through the back door it seemed and I really didn't know how they would receive me. And they were great. Their attitude was I beat the system. And I still have friendships with some of them.

So it was a good group and we got along well. And as I know you've learned from other of my classmates we were a very strange class in that we had one guy convicted of treason. We had another guy caught smuggling dope in the pouch and then killing his roommate.

Q: Who were these two individuals?

STERN: Well, the guy who committed treason was Ron Humphries. He was USIA (United States Information Agency).

He'd seen sent to Vietnam, ended up marrying a Vietnamese woman and she had a child from a previous marriage. And when everything went to crap he got out, he got her out, but the kid didn't get out. So the Vietnamese put pressure on him that if he would supply information they'd get the kid out. So rather stupidly, instead of going to security and saying, "Hey," and they would be happy to give him stuff to feed, he did it and got caught and went to jail.

And we had another guy who resigned from the service and later on we all received a wedding invitation from him. He was marrying another guy in Upstate New York. A Unitarian minister was going to marry him, which we thought was fascinating. And then of course the star of our class, so to speak, was Jerry Bremer who later became infamous as the moron of Iraq.

Q: (laughs) In -- let me ask you this -- in your Air Force experience in the start of the Foreign Service, was there any discrimination against you as being Jewish?

STERN: No.

Q: Because the Foreign Service had this reputation in the old days anyway –

STERN: Yeah, but look. My class of 45, we had seven Jews. I mean it was about as significant as having red hair. My British cousins who still can't quite figure it out -- I point out that during my last years in the Foreign Service we had four career ambassadors, which is the highest rank you could possibly achieve, right? Two of them were Mort Abramowitz and Hank Cohen.

If you remember. And if you ever served in EAP (Bureau of East Asian and Pacific Affairs) you know how highly everybody thought of Mort. And Hank was the doyen of Africa. So, no. I never felt that. I honestly felt it was a totally neutral thing, that if I did well it was because I had done well, and if I didn't do well it was because I hadn't done well. I never felt anything but neutrality there. I don't think it was either a plus or a minus. I had good assignments, no arguments. No problems.

Q: Your A-100 class was fairly large. Was there any particular reason for that?

STERN: I think it was because in the previous year or two, there had been very little intake because of budget issues.

Q: Because the Vietnam War did great damage to the budget and they weren't hiring for years and then the --

STERN: Well, tell you a funny story about that too. Several of my classmates volunteered for Vietnam. And they were told first tour officers don't go to Vietnam. The very next class *half* of them went to Vietnam in the CORDS (Civil Operations and Revolutionary Development Support) program. So that changed in a heartbeat.

Luck always plays a certain amount in all these things. I was, I was fortunate enough to be on the list before they shrank the numbers they took in. I mean if I'd taken the exams a year later and had the same scores I might not have ever made it up the list because of the shrink. There's so many factors that come into it. Because of the competitive nature where you're competing against everybody else who took the exam the same time you took it, and possibly some who took it the previous year, you're not competing on the basis of an absolute score, but a relative score. So it doesn't matter that you scored possibly in the top five percent or ten percent, it mattered whether you scored in wherever the money line was drawn.

Q: (laughs) As this A-100 group coalesced, was anybody beginning to stand out?

STERN: Yeah. there were a few people there who I thought were going to go far. Andy Sens, for one. Bill Brew for another. Bremer, Ted McNamara. I can think of them as people I thought were particularly sharp, that I had great respect for. I thought, "These are guys who are more than likely going to go all the way." I liked the others and I thought they were all going to do well as well. I mean we were, you know, in -- was it Garrison Keillor, where every kid is above average? Well, being in the Foreign Service by definition we were above average, just to get into a class. But within that average of the class I would say these guys stood out a little bit more.

Q: Well, the class did well. Rosenblatt.

STERN: Lionel, to be sure, yeah. Well, I think if he hadn't pissed off so many people he would have gone a lot higher.

Q: (laughs) And as you say, Bremer was there, Gil Kulick? Dennis Harter?

STERN: Gil Kulick was another one.

I served with Dennis in Hong Kong and later when I was an inspector -- no, was -- no, it wasn't when I was an inspector. When I did a crisis management program in Jakarta I had dinner with him and his wife down there. And his wife had been a secretary in Hong Kong, And this was Dennis' second marriage.

Q: This is a large class. It's about eight weeks or something like that. At the end you get your assignment. How did that process unfold?

STERN: That was hilarious. They asked me when I first came in what language I would like, and I said Japanese. I served in Japan, I had a smattering. And I thought, you know, I could pick the rest up, and I really liked Japan. So a couple of weeks later they came back to me and they said, "We're very sorry, Mr. Stern, but we have too many JOs (junior officer) in the pipeline for Japanese at the moment. Pick another language."

So I said, "French."

And they said, "OK, but you know that means you're going to Africa."

And I said, "Fine, I could use a hardship post, save a little money. We don't have any kids. Be interesting."

Graduation day comes and we're all sitting there. We had a party set up for that night -- and everybody put in a buck or two, I forget now, as the worst assignment, you know, who wins the pool for the worst possible assignment.

And they call you up alphabetically. So Stern, I'm waiting there toward the end of the list. And I'm listening to guys getting Paris and Rome and, you know, Berlin and Bonn, and Tokyo, whatnot. So they call me up and they say, "Congratulations, Mr. Stern, San Jose."

And all I could think of was, “What in God’s name do we have in California?”

And I must have looked very perplexed, because he very kindly said to me, “San Jose, *Costa Rica,* via 16 weeks of Spanish.”

I said to myself: “Oh No.” I had hated Spanish in school and did not look forward to banging my head on it again. I was also somewhat confused and disappointed as I had gone mentally from Japan to Africa to suddenly being in this tiny little country. And that night at the graduation party Alex came up to me and he said, “Bob, you look a little disappointed.”

And I said, “Well, you know, I kind of envy some of the other folks; Ted’s going to Paris and so and so’s going somewhere. And I’m going to a tiny banana republic.”

And he says, “You don’t realize it, but you’ve got one of the best assignments in the class.” He said, “Look, it’s a tiny post. They don't have any room for somebody who isn’t going to be working full time. Ted will be lucky if he carries the briefcase of the guy who goes to the Quai D’Orsay. He’s not going to get much of any substantive work. You, on the other hand, are going to a small post that’s under manned. They’re going to shove you into stuff right from the beginning because they have to.”

I got to San Jose in March of 1967 and of course this was back in the JOT (Junior officer Training) program where you were supposed to spend six months in each portion of the embassy. Initially I was assigned to the Consular Section and in Costa Rica in those days the Consular Section was in a small building around the corner but attached to the chancellery. And there was a consul and a vice consul. A week after I got there the vice consul, a young woman, came down with a terrible fungus infection all over her body and they shipped her back to the States to Walter Reed. And they said, “Bob, you’ve taken the consular course,” and yes I had, “You’re now the vice consul until we get somebody else in here.”

OK. I’m the vice consul. Couple of weeks go by and I’m learning my trade. I have a *really* nice guy as a boss, guy by the name of Denman Stanfield, liked him very much. And I get in one morning and I walk in and the secretary looks at me and he says, “Mr. Stern, the DCM (deputy chief of mission) wants to see you immediately.” Uh oh, what did I do *(laughs)*, you know? Guilt, instantly. I had no idea what I had done, but it had to be something bad.

So I go racing around to the DCM’s office and I walk in and he’s a gravelly voiced guy. He says *(in gravelly voice)*, “Bob,” he says, “your boss went up on the roof of his house last night to fix his television antenna and he fell off and broke his shoulder and collarbone. He’ll be OK, but he won’t be in to work for a couple of weeks. You’re now acting consul.”

Oh boy. *(laughs)* So I go back around. I mean I’m now in charge of the Consular Section. I’ve been in the Foreign Service what, seven months? I’ve been on post a month. And you know --

Q: Sink or swim seems to be a well honed --

STERN: Yeah, but here -- yes, but would you hold these weights please? So one of the things I think that stood me in very good stead was that I had been an enlisted man. I knew the value

of NCOs (non-commissioned officers) and I knew how dumb second lieutenants were, and that was what I was the equivalent of. So I called my locals together -- those days they were locals, not nationals -- and I told what had happened. And I said, "The responsibility is going to be mine, and I will have to sign off on everything that goes out of here. But you know and I know that I'm as green as grass. I am going to lean on you. I want your advice. The decision will have to be mine and I will sink or swim based on it, but I must have your input because you guys have been here, you're the institutional memory. Give me your best recommendations." And they did. And I ended up looking great, because I stood on their shoulders, because they knew it all! They'd been there for years and years. So but it was funny, the first cable I wrote -- remember the old what, five of six-sheet things with carbon paper between 'em?

Well, I wrote my first cable, it was about six pages long, so it was about two inches thick, and they took it to the DCM for clearance. And he put it in his hand and he kind of hefted it and he looked at me and he said, "What's the matter, son? Didn't you have time to write a short one?" I just took it, went back, and I just unmercifully hacked away at it and got it down to a page and a half. And I took it back to him and he hefted it again and he says, "Now, this feels like something worth reading."

That was my introduction to Foreign Service writing: keep it short, keep it simple. Then from there I went to AID (Agency for International Development). Just for a month. And everybody but one guy in the AID Section was either on leave or somewhere else. So there was just me and the section chief. So I got to negotiate an agreement -- between the United Nations, the University of Costa Rica, the UN, and USAID on a population planning program, which was very cool. But again, it was what Alex said. "They're going to throw you in everywhere, because they just don't have people." So I'm not saying this is a recognition of "Look, there's a brilliant young officer here." It was rather, "Look we've got a warm body here."

Q: Was this the time when in Latin and South America they were smushing AID and Econ sections together?

STERN: Well, we had a joint State-AID Economic Section. And we had a joint State-AID Administrative Section.

Q: And where did you fit in this --

STERN: I was in the Econ Section. This -- well, first I was working directly for AID for a month, then into the Econ Section. This is JOT. But the admin counselor, who was an AID guy, not the highest card in the deck.

Q: Perry Shaw -- Percy Shaw.

STERN: Yeah, Percy Shaw. But his deputy was probably one of the best admin officers the Foreign Service has ever known, Bob Gershenson. Who died not too long ago, I'm sorry to say. But Bob spoiled me because I thought all admin officers were that good. We used to wait for Percy to go off for a long lunch and then take things to Bob. And his attitude was any idiot can say no, it takes intelligence to find a way to say yes. So I learned a lot from him. My econ boss, on the other hand, was the least avuncular man in the history of the Foreign

Service, John Bushnell. He ripped up junior officers like paper. The number two guy in the Econ Section who had two degrees in economics had gotten a superior honor award from his first post, ended up leaving econ forever and becoming an admin officer after working for John for two years. My immediate predecessor resigned and the guy before him was a consular officer and said he would never work econ again. John shredded me pretty good but I got lucky in that the new immigration law, 1968, came into effect. And suddenly the demand for consular officers in the third world skyrocketed. So I was only at my first post for 16 months when I got word, "You're going to the Philippines. Now. Immediately. Go."

So somewhat limping and somewhat wounded -- John was murder and he wrote a really bad report on me. Off I went to Manila. And I was very lucky because my boss there was a very decent guy who saw that I was in trouble and kind of took me under his wing and mentored me. And I worked for some really, really good people on the Philippines who taught me an enormous amount, who helped take a lot of the rough edges off of me. And excellent people. I was -- I ended up doing four years there-- two years consular, two years econ.

Q: Let's go back to Costa Rica for a second. Because it was a small post, you would have had opportunities to work with the Ambassador. W*hat was the ambassador like?*

STERN: Ambassador was Clarence Boonstra. Nice guy. He had been DCM in Mexico City before. This was his first ambassadorship. I was far removed from him, except for the one time I was his aide and made a trip around the country with him when we both got drunk as skunks. Ugh, terrible. Never drank scotch after that again because everybody kept pouring scotch down our throats. He had only arrived at post two weeks before me, so every week he would go out and do a tour of a different section of the country and he'd take a different junior officer with him. And it got to be my turn and so I went out and *(laughs)* -- weird story. But he was OK, but again, there were so many buffers between me and him. It's not that I had any regular contact.

Q: But it's interesting though. He would try to give the junior, the rotational officers that experience. Did he have the language that would allow --

STERN: Oh, he was -- he'd served his whole career in Latin America, he was a pro. Speaking of language, we got sauced pretty good that morning because the governors and mayors, you know, really poured drinks on us. We'd get into the banquet room and this is 9:00 in the morning and all I've had is coffee. And they pour you a glass of scotch to here with a couple of chunks of dirty ice in it. And then somebody would get up and say, "El Presidente de los Estados Unidos." And everybody would drink and -- and then the ambassador would stand up, "El Presidente de la República de Costa Rica," and everybody would stand up. And somebody would get up and say, "El Secretario de Estado de los Estados Unidos, el Minister" -- they worked their way down to third secretaries.

By this time I'd drunk a full glass of scotch, which was much more than my norm, and certainly not in the morning on an empty stomach. Well, we did this on three separate occasions and just before lunch we were dedicating the Abraham Lincoln Elementary School, which AID had put a lot of money into. We figured thank God, no booze there. Well, as soon as we got there the principal pulled open his bottom drawer and pulled out a bottle -- we had a drink. And we got out of there and we're driving to the next stop and the ambassador said to me: "You know Bob, I didn't know you had such a command of the language."

And I said, “Sir?”

And he said, “That was an excellent, excellent speech you gave the kids.”

“Speech?” I don't remember anything. But apparently --

Q: (laughs)

STERN: -- when it was my turn, and you know they love eloquence and all, I got up and did the embassy proud. I have *no* recollection whatsoever. But apparently the scotch lowered my inhibitions so that all my Spanish came out. I wasn't thinking; I was just speaking. I have no idea what I said. I don't remember any of it. But I said, “Well, I’m glad they liked it sir,” *(laughs).* But again, you know, I was -- my contact with him was limited because even when we had a country team meeting, for example, you know, the chiefs would sit around the table and us Indians would sit along the wall.

Q: But at one point you were the chief at the Consular Section.

STERN: Yeah, that was just for a very brief period. Two weeks. You know, then Stan came in in a cast. I mean I had nothing to contribute. I’ve -- you want to know how visas we issued? I can tell you. You know, there was nothing special going on, you know, unlike the econ or political or -- where there was maybe something brewing.

Q: Now, how would you rate the morale in the mission?

STERN: It was good, except in the Econ Section. I mean nobody who worked for John had any morale. Because he pissed on everybody. That was the reason he never made ambassador. Everybody knew he was a brilliant, absolutely brilliant economist. He worked for Treasury some years later as a deputy assistant secretary. But he just was unbelievably bad with people who were not above him. He knew how to deal with people above him. He handled that very well. But very bad with subordinates.

Q: Let’s go to your exit to Manila. How did that come about? You were saying the law had changed.

STERN: Well, what happened was -- and of course I learned this post-facto -- a letter came. Not a cable, but a letter came that said, “Dear Mr. Stern, congratulations, you’ve been selected for immediate direct transfer to the Philippines. Leave at once.” This was June of 1968. And you know, it was like, WHAT? So I called Washington and I spoke to my career mangler and I said, “What’s going on?”

And he said, “Well, this new law has come into effect and the Philippine immigration quota went from 250 to 25,000.”

And this happened all over, the world. “And we’re desperate for consular officers to handle the visas. So we’re pulling people -- the JOT program is dead, it’s over. So you are now available and you’re going to Manila.” OK.

Q: So actually before that the Philippine quota was quite small.

STERN: Yes. Well, the -- because under the 1923 law quotas for non-Western Europeans were 250 a year per country. It was very, very much a segregated quota. If you came from eastern or southern Europe, Italy, Greece, it was 250 a year. If you came from England, Germany, Scandinavia, France, thousands upon thousands. But the rest of the world was pretty much shut out -- we had pretty much a closed-door policy. It was called the National Origins Act. But then when the law changed in 1968, which gave 25,000 to everybody, applicants poured in from everywhere. So the Immigrant Visa Section in Manila had been very small, because other than dealing with GI brides from our bases and the 250, it was no big deal. But I didn't have any idea what my job was, just that I was going to be in the Consular Section.

You may recall that back in those days we were subsidizing American shipping and we were encouraged to go to post by ship, if possible. I booked us on the SS President Wilson from San Francisco to Honolulu to Yokohama to Hong Kong and on to Manila. Twenty days in all with full days in each port with the ship as our hotel. It was glorious!

When we arrived, we were put up at the Manila Hilton, which was only about three or four blocks from the embassy. And I said to my wife, "I'm going to just walk down to the embassy and introduce myself and find out what my job is and I'll be back."

So I went over and met the consul general and he said, "OK Bob, you're going to be the chief of the Non-Immigrant Visa Section." I had just made FSO-6. So OK. Well, the Non-Immigrant Visa Section it turned out was me and two even more junior officers. And we were handling a cast of thousands. I mean they were coming in in unbelievable numbers, 98% of them fraudulent.

Q: Now, Non-Immigrant Visas is your tourist, business *visa.*

STERN: Right, and people wanting to go to the U.S. and change status. The Philippines has the educational system of a first world country, and an economy of a third world country. So if you graduate with a degree in engineering from a fairly decent school you feel lucky if you can get a job as a draftsman. If you graduate from law school maybe you can get a job as a law clerk. Secretaries had bachelor's degrees. So you had all of these incredibly well educated people, *grossly* underemployed. And there was the United States beckoning. They all spoke English. All universities in the Philippines use an American curriculum, using American textbooks. So they were all familiar with everything, *loads* of them; medical professional, med techs, nurses, doctors, *highly* qualified people. But the third preference (professionals) quota in the immigrant side was modest. So you had all these people looking to jump. But politically we couldn't refuse them all. It would create too many problems politically because of the bases, which were the end all be all.

I got involved with USIA while I was working in the Consular Section because they used me as a speaker. I'd go out and talk to various groups. Filipinos like groups, so Lions clubs, Rotaries, Elks, you name it. So I got to represent the embassy in an awful lot of these places. Also I was going to school at night there. I went to the University of Santo Tomas for a year. And I took Asian studies; Philippine history and comparative Asian religions. I thought, "I'm going to stay in Asia, these would be interesting things to learn. Where better to learn them

than in Asia?" I was the only American on the campus. And you can't miss me, I'm six-foot-three and Filipinos aren't. So I stand out like a flagpole on a parade ground; and I drive my big American Plymouth on the campus and I'm in a suit and a tie. And this was a time when the student demonstrations coming out of the university belt were pretty virulent against Marcos, against the Vietnam War, against the embassy. But Filipinos have the wonderful ability to separate the individual from the institution. Even though everybody knew I was an officer of the embassy, there was no question about that. I was Bob, a classmate. And they wouldn't think of treating me any differently than any other classmate. So between classes I would go to the student union and buy beer for everybody. At a time when a San Miguel went for a dime, it wasn't hard. And I listened to all the student leaders tell me all their problems and what they wound up doing and whatnot. So I was doing most of the youth reporting for the embassy. Because these were my classmates who were leading all the resistance groups. And we'd sit there and we'd argue and whatnot, and they'd tell me everything. And as soon as I'd get home I'd write it all down. And the next day I'd do a memcon (memorandum of conversation). So that got me an invitation to stay on after my two years for another two years. My second post was a four-year post, did a two and two.

Q: Today is the 21st of April and we're returning to our conversation with Bob Stern. Bob, you moved to Manila at the end of our last session. But one thing I wanted to make sure was, was that a direct transfer?

STERN: Yes, it was. It was a strange situation. I had originally, as I think I mentioned, been in the Junior Officer Training Program, where you did six months in each section of the embassy. And they killed that under President Johnson because of budget considerations. But there happened to be an opening in the Econ Section and I was nominally an econ officer. So they put me in that funded spot. That way they didn't have to send anybody in from Washington. Then a few months later they started what they called BALPA, you may remember, the balance of payments exercises, in which they were looking to reduce the number of people overseas. At the same time however, coincident with that, was the change in the Immigration Act, which I think I talked about in our last session, where suddenly countries that had negligible quotas suddenly had 25,000. So after only 16 months in San Jose I was told: do not pass go, do not collect $200, go immediately to Manila. And all I knew was that I was going to the Consular Section, but that's it. No idea what my job was or anything else. You may recall in those days we subsidized surface transportation. So Carole and I got to go on the USS President Wilson from San Francisco to Manila. Twenty glorious days at sea with a day in port in Honolulu, Yokohama, and Hong Kong. And it was just absolutely delightful. When I got to Manila, -- it was the end of a typhoon and I was met by another junior officer, and they put us up in a hotel about four or five blocks from the embassy and I left my wife there and I said, "I'm just going to walk down to the embassy and just say hello and find out what my job is and where I'm supposed to report because I don't know anything, other than Consular Section." So I went in and introduced myself to the consular general.

And he said, "OK Bob, we're making you chief of the NIV Section."

And I said, "Really?" *(laughs)*. You know, I had -- I was a pretty junior officer, I have a whole 16 months at my first post. And you know, six months of training before that. Been in the service less than two years and now suddenly I was going to be a chief of section, or subsection at least. And so we go walking down. They introduce me to the two even more

junior officers who I will be supervising and there's a messenger there with one of these lovely engraved envelopes and in the upper left hand corner it says Speaker of the House, House of Representatives, Republic of the Philippines. And it's addressed to the Honorable Vice Consul Robert H. Stern, Chief Non-Immigrant Visa Section. I opened it and it says, "I wanted to welcome you and Carol to the Philippines. If there's anything I can do to make your stay here more pleasant, please don't hesitate to call me. Joe." And the signature was Jose P. Laurel, Speaker of the House. So I figured well, this is a great put-on. I mean it's funny as hell. And I turn to my boss, the chief of the Visa Section, and I said: "Tony, this is hilarious."

He says, "No, it's real."

I said, "You're kidding."

He said, "No." He said, "You don't realize it, but next to the ambassador, the CG, and me, you have just become a god in the Philippines." He said, "Because *everybody* wants to go to the United States." He says, "We have lines going out the door and around the block. Rain, shine, doesn't matter. We can't interview the numbers of people who show up every day. The fraud rate is extraordinary and yet we can't refuse everybody because it's politically impossible. Because we do have military bases here, so we can't be too offensive. But yeah, you're the guy that says yea or nay and rules on the petitions and whatnot. Therefore, suddenly you are a very, very important man and you're going to meet a lot of really high movers and shakers." I said, "Hey, I'm a lousy FSO-6. I haven't even been in the service two years yet!"

Q: But now, you were saying there's this sudden increase in numbers for countries like the Philippines, and you're one of the first hot bodies that --

STERN: I'm the only hot body they sent there.

Q: Well, that's what I found a little confusing. I mean if they understood they were going to get this large volume.

STERN: Well, what they did is they pulled people out of NIV and put them in IV.

Q: Mm.

STERN: So the IV Section was very large. And the service back then was, I think, around 3,600 officers worldwide. So there weren't very many spare bodies any place. And Vietnam was heating up and they were starting to grab warm bodies for the CORDS program.. So in a sense they'd made me more valuable because ah-ha, we can take the spare wheel (me) out of the trunk and put it on an axle somewhere.

Q: Let me make clear now. When did you arrive in Manila?

STERN: I arrived in Manila July of 1968.

Q: Now, a lot of people focus on, you know, political officers, econ officers. Can you give us a sense of how the Consular Section of this embassy was organized? Because you were -- it's

got an NIV Section, an IV Section.

STERN: Right, we had four sections, the Passport Section, which dealt with

passports. And we had literally hundreds of thousands of Americans in the Philippines, we'd been there since 1898. It had been a colony in everything but name. So we had an enormous number of citizens. We had military bases for a great many years, so we had a lot of brides. We had as well a program which allowed 200 Filipino nationals to enlist in the navy every year. And they'd been doing that for at this point 60 odd years and they would make chief and they'd retire and come home, and they and their families were citizens and they'd have their pensions and access to the PX and commissary, so they tended to be the mayors of their villages.

Passports was a big operation. Then we had the American Services Division, which dealt with the welfare and whereabouts problems, which included shipping and seamen.

But also, very interestingly, as I got to go into that after one year in NIV, during the Vietnam War there was a great fear about Vietnamese frogmen, Vietcong frogmen getting at the ships carrying munitions, supplies, and whatnot from the United States to Vietnam. So what they would do is they would send these ships to the Philippines where we had a major harbor in Manila and another one in Subic Bay, the ammunition ships up at Subic Bay. And when an opening arrived in Vietnam, in Vung Tau, Long Binh, one of the Vietnamese ports they would shoot the thing across -- it was overnight -- unload as quickly as they could, and get out of there. Come back to the Philippines to bunker and provision, and then go back to the States. So we had a huge parade of these ships. A lot of them had come out of the mothball fleet. They were Liberty and C3s from World War II. And unlike the crews that you find on regularly scheduled liners, these were the dregs of the beach. These were the crews, guys who couldn't hook on anywhere else. So there were constant crew problems. And the law that governed this had been written back in the late 18, early 19th century and had never been changed. In order to discharge a merchant sailor from a ship in a foreign port, a consular officer must be present and approve. Well, we had nothing but crew problems there. These ships were ancient, they'd been falling apart, there was no air conditioning; below deck, it'd be 110 degrees. And they're these troublemakers to boot. So whoever had that job, which for one year was me, spent that year climbing up and down Jacob's ladders and gangways, going aboard ships and resolving problems. We also had a small Coast Guard detachment that we worked with to do that. And again, we had a fair number of Americans who got into trouble with the law, many of these bamboo Americans, because they're actually Filipinos with dual citizenship. And so we had regular runs to the jails and the penitentiary and all the normal problems where you have a large tourist area, people getting into trouble and whatnot. But again, only two officers, the section chief and the deputy. The IV Section was by far the largest. I think we had at least eight officers doing immigrant visas. Because between the constant influx of new brides we did at least 100 brides a week.

Q: That's a lot of GIs.

STERN: I mean Americans are marriers, it's amazing. And then of course we have all of the ones who are non-quota because they were the parents of American citizens or the sons and daughters of American citizens and so forth So we had to devote a certain amount of time to those people who were non-quota, and that left you with a few days for quota. Now, you may

recall, from when you did consular work, the third preference was for the special skills, college graduates, usually doctors, lawyers, engineers, lawyers, et cetera. Well, they have to come in and take an oath and they have to pay a fee to get their application through. Well, we were getting four to 500 of these applications a day. This is just applications. This is not even looking at for a visa, but applying to get on the list. Well, the Veterans Administration had a very large operation in the Philippines because we had so many veterans who served in the Philippine scouts, the Philippine Army during World War II and the U.S. Army during World War II. They closed at 4:00, they opened early and closed early. So at 4:00 they would relinquish their very large auditorium space to the Visa Section, and that's when we would march in the 300 to 400 applicants for third preference. And a couple of us vice consuls would go in there and literally stand on a table with a bullhorn reading out instructions and giving the oath en masse and then we would have them come up in columns, you know, A through X, and you know, so many -- just doing it by rows. When the inspectors came through and saw this they almost had a heart attack. They said, "You know, we can't do this, you've got to give the oath individually," and so on. We said, "Great, you give us a better way of doing it." And he said OK. That was the end of that. The Philippines was a unique post because of its history with the United States, because it had an educational system of almost a first world country and an economy of a third world country. So it was pumping out doctors and engineers and nurses and so on at a great -- at a rate way above anything the economy could absorb. So engineers were working as draftsmen and everybody wanted to go to the U.S. Which comes back now to the NIV Section as kind of a big circle in that this young, very nice looking, very presentable male or female would show up, stand there on the line, and they would be in their early twenties. "I want to go to the United States as a tourist."

"OK, where do you want to go?"

"Well, I want to go see Disneyland."

"What do you do for a living?

"Well, I'm a secretary."

"OK." Which means you make beans for a living. "Where'd you go to school?"

"Philippines Women University."

"What's your degree in?"

"Chemical engineering," *(laughs).*

Right. "And you've got the money to travel to the United States and back? You've got a job here that's obviously dead end. You have no future, no ties or commitments. Uh-uh. I can't give you an NIV visa. Get online for an immigrant visa. Maybe in about seven or eight years we'll get to you." But the fraud was amazing.

And our sympathy as human beings was with the applicants. After all, my father was an immigrant. The problem was we had a law, we had to enforce it to the best of our ability. But an awful lot of talent got left by the wayside and didn't come in.

Q: You were saying that there was a recognizable amount of fraud that you had to deal with. Was there special officers that just dealt with fraud, or --

STERN: Well, basically I dealt with it as the chief of the section. I dealt with it in that the two officers who were on the line constantly, they would turn down people because they felt it was fraudulent and whatnot, and they turned down large numbers. But we had an appeal process, and all appeals went through me. So I got to see a person in more detail and for a little bit more time. The average visa applicant got three minutes with an officer, because the numbers were so high. To give you an example, because our building space was limited and we could only physically handle a certain number of people a day -- I'm sorry, I don't recall the number now, a few hundred -- we would give out numbers for a waiting list, you know, like going into the bakery. Well, people would start getting online at 6:00 the previous evening so that when we opened at eight a.m. they would be first online to get a number and they would be online all night long, rain, shine, typhoon, earthquake, on line. I mean we've had earthquakes where the building shook and we all ran out. The line kind of shook, but never left.

We created a cottage industry in that there were people who were professional line-standers. They would show up at 6:00 in the evening and stand on line all night and sell their place in the morning for 20 or 30 pesos. So we created a cottage industry in that sense and I guess contributed to the economy. But I remember when I was an escort officer for a congressman and he saw this huge crowd in front of the embassy and he said, "My God, is there a demonstration?"

I said, "No *(laughs)*, that's the visa waiting line!" So.

Q: Can you give us a sense of how many officers were in each of the sections and who was the consul general?

STERN: All right, the Consul General when I first got there was Lou Gleek. My immediate boss was his deputy, the head of the Visa Section, Tony Sega. Tony ran the whole Visa Section, which was 60% of the Consular Section. The American Citizenship Section, you know, welfare, was two officers, and the Passport was also two officers. The NIV was three. And I say the IV was about eight. But in those days we had something called Foreign Service staff officers. Do you recall that?

Q: No.

STERN: OK. Well, it was kind of like being a warrant officer in the military. You were a specialist and you didn't have any command responsibilities. You weren't in the chain of command. You weren't a commissioned officer. But you could be a communicator, you could be in administration, you could be in consular work, and the highest you could go was FSSO-1, which was equivalent to FSO-3 at the time, and what it did was allow for a mustang program. And we took very bright people who were secretaries or communication clerks and whatnot and found a way to make them officers. And they were happy to stay in that one cone for their entire career. And as you know, we need a hell of a lot more vice consuls than we do consuls general. I mean this is not a pyramid; it's like a flat thing with a flagpole sticking out of it. So you don't need that many officers once you get past the junior level. But if you could have FSSOs, staff officers, they are very happy to stay in consular work for their

entire careers, just as a military warrant officer might be in supply for their entire career, or general services. Unfortunately, that was a program they did away with, which I think was a terrible mistake because we had good people who were very happy to be doing a job that other people didn't want to do. I mean I joined the Foreign Service as a generalist. I wanted to do econ political work. I was perfectly happy to do consular work, you know, pay my dues, so to speak, at the bottom when I first came in. I didn't want to do it for my whole career. And here were people who *did* want to do it for their whole career. So why didn't we let them? And the same with the commo guys and the GSOs (General Service Officer). These were all important jobs, but they're not FSO jobs. So we got a lot of guys out who retired from the military as sergeants, but had worked as finance specialists. Great, make them budget and finance officers. I mean that's not a job an FSO really wants. But it's an important job. We picked up these sergeants, you know, they were in their late thirties, early forties, they still had 20 odd years of career ahead of them. They were thrilled to death! They were now getting their full military pension and they were now drawing the equivalent salary of a second lieutenant or better and living as an officer. Well, naturally that program was so good we killed it.

Q: (laughs) Let me show you the list of the Consular Section from January '69. Do you recall who was head of the IV --

STERN: Don Bean. Used to play poker with Don. Alf Cooley, as you see, is an old buddy. Gisella Bergette, yeah, I remember her. She was -- yeah -- here's an example. If you look, she was an FSSO-6, and so was Sharon Baber. They were both staff officers. So if you see in the ranking there, when you see the -- any time you see an S what you're talking about is an FSSO as opposed to an O regular officer, that's perfect, it's right there to see it.

Q: So in that list who was the head of the American Citizens Services?

STERN: Larry Harris. You see him as supervisory protection and welfare officer. He was a loser. He had screwed up in everything he ever touched. He started out as an FSO. In lieu of getting selected out they bumped him out to being an FSSO and he was on the brink of being dumped again. He was bad news. Fanny I knew. Roger Harrison went on to be ambassador to Jordan. Don McConville, we crossed paths again later. He was my boss in Korea. Dave McGaffey and Don Mudd were also poker buddies. Gwen Quarterman worked for me in the NIV Section. Tony Sega there was my boss. Ann Sheridan also worked for me. And there I was. They showed me as an 07, but actually I was an 06. I had made FS0-6 in June.

Q: Now, a big part certainly of the profile of the American embassy is the work that's going on in the Consular Section. Did the ambassador know you were down there (laughs)?

STERN: Well, we were in a separate building. There's a building next to the chancellery called, naturally, the SOB, Supplemental Office Building. The ground floor was all Consular Section except for one little wing, which as I mentioned earlier was the Veterans Administration. But on the other floors we had USIA and AID and whatnot. And the chancellery was where you had the political, economic, and the administrative sections. Although there was some administrative in the annex. Those were remarkable days. They were kind of the last days of the American Raj. There was a naval base at Cavite of WW2 fame, called Sangley Point, they had a patrol bomber squadron there. The parking lot of the embassy had a little pier, right on Manila Bay. And on an hourly basis a boat would go back

and forth between the embassy parking lot and the parking lot of Sangley Point Naval Air Station. So my wife could drive down to the parking lot, get on board the boat, have an hour's cruise across the bay. Be met on the other side, go do all her shopping at the commissary, have lunch at the officer's club, come back, the stuff would be loaded on the boat, back to the embassy parking lot *(laughs)*, and they'd help load the car, give them a couple of pesos, and you'd go home. I mean it's *(laughs)*, it's really, it's a world that doesn't exist anymore. About a year after we got there they closed the base -- gave Sangley Point back to the Philippines so it didn't exist for us either. But that first year that was a very, very marvelous year.

Q: So did the ambassador ever -- who was the ambassador? G. Mennen Williams.

STERN: Soapy Williams, a former Governor of Michigan.

Good executive. Soapy was very smart in that he knew what he didn't know, which is I think the mark of a good mind, knowing what you don't know. And what he did was he essentially turned the running of the embassy over to Jim Wilson, the DCM, who was called the minister. So for day-to-day operations. Jim was kind of the chief of staff or executive officer, depending on what parlance you want to use, on all substantive matters. And the ambassador would go out and do the glad-handing, ride the caribou, kiss the babies, show the flag, and do everything of that nature, and he was *really* good at it. Career politician. He was also smart and Jim knew when to take something to him for his chop. You know, he had a good sense of not -- what's the word I'm looking for -- not stepping on the ambassador's authority. But at the same time it was a very smooth arrangement because you had a real professional managing the place. So it worked out very, very well. And then he was replaced by Henry Byroade. Byroade (Byroade served from August 1969 to May 1973) was an interesting man in that he had been the youngest brigadier-general in the U.S. army during the war. He was an engineering officer, helped build the Burma Road. When the war ended he came over to the State Department in a fairly high position and he'd been, by the time I'd met him he'd been with the State Department since 1946. So he had 20 odd years of State Department service, he'd served as ambassador at several places, and was a DAS (deputy assistant secretary) and so on. So he was career at this point. He was very sharp. He knew his stuff. And as a West Pointer he also understood how to delegate, he understood how to be a commander, which is not true for every ambassador I've met. He knew when to give people their head, and when to hold on. I got to know him better than I got to know Williams, because by that time I had moved on from the Consular Section to the Economic Section, so I now had interaction, you know, with the upper floors, which I really did not have that much of as a consular officer.

Q: Looking at the Consular Section, it's awfully busy, high profile. What was the morale like? What were the factors of morale?

STERN: Morale was surprisingly high. And I think it was because we had a great group of people, pretty much the same age. Bright, we got along with each other well, we had a poker group that got together regularly and we socialized a lot, and we had a sense of humor. We realized that we were never, ever, ever going to stem the tide. So relax, do the best job you can, you know, and comes the end of the day, that's the end of the day, tomorrow's another day. And so morale was pretty good. There was some complaining over the fact that we weren't allowed to reject as many people as we thought we should. Frankly, we could have

rejected 75% of the applicants, but once we started getting much over 30, 35%, the panic would set in. Because politically this was just unbearable. And the pressure that the Philippine Congress, the Philippine President would start putting on the ambassador and everything else, and then we would be getting pressure from the military, from Congress, all the rumblings and whatnot, and to keep these people happy, because we want to keep the bases. Especially during the Vietnam War the bases are the end-all, be-all. So it was felt that we were rolling over and playing dead.

Now, of course I'm a little wiser, little older, and I see that sometimes you have to make choices. And essentially the choice here was that in order to achieve some of our other goals we were going to have to be a little relaxed and hope that these guys would get caught at the other end by customs officials, by immigration officials. One of the things we tried to do was on the visa page, when we would stamp the visa in the book, we would write, "Going to visit Grandmother for 60 days," so that when they applied to change their status and somebody would say ah-ha, so that's what you told the vice consul *(laughs)?* You know, but then we were ordered not to do that anymore, and we were not allowed to markup other people's passports. And what they would do -- I mean the cleverness of the fraud was amazing. I mean we could even create a form off the top of our heads and within 24 hours somebody would present it to us. There was a printing plant across the street from the embassy. They'd make up any kind of a form. But what -- again, going back to the time. This is 1968 1969. It wasn't hard to get the passport of an old lady who'd been born in the 19-teens. And you know, here's Maria Teresa Whomever, you know, and she's born in 1916. She comes up and she's going to visit her children and grandchildren. Oh, what the hell. If she wanted to go so she could go as an immigrant because they could petition for her, say sure, not a problem. Given her age, give her her tourist visa. What would happen would be then, they would go back to the fixer and they would take the threads out of the passport and they would take out the visa page and where it showed date of birth they would change it from 1916 to 1946 with just a simple little adding of two strokes. And then the photograph page would be from the 1946 person's passport and would go in and they'd stitch the whole thing together, and so low and behold, you had a Philippine passport with a legitimate American visa in it and everything else. And when we caught on to that we started writing on a visa page, "Going to visit her grandchildren," *(laughs)*. So the sweet young thing couldn't do that. And they made us stop doing that also. So it was a lot of fun because we got to play Sherlock Holmes. What are they going to pull off on us today? And it was a sport almost. I don't think we resented it because we always understood that in their boat we would be doing the same thing. I mean it was our job to stop it, but we didn't get terribly wrapped around the axle over it.

Q: You enjoyed the creativity.

STERN: Exactly, exactly. We enjoyed the challenge.

Q: Now, as you said, there's a large U.S. military presence there. Were the military people coming in to see the CG and make requests, demands?

STERN: No. No. No.

Q: Did you debrief them?

STERN: The bases were some distance away. What would happen was we had an officer

called CINCPACREPPHIL, Commander in Chief Pacific Representative Philippines Office. And we had a liaison officer in the embassy. And our legal attaché was an Air Force CINCPAC Pac officer, good friend of mine. And they would make known their concerns through that channel, you know. And so no, they didn't show up to yell at Will. What we'd get is the guy from CINCPAC would call the minister and say, "Hey Jim, I've got a problem. You know, I'm getting a lot of pressure. Is there anything can be done?"

And then of course he would say, "Guys, ease up a little bit."

Q: Now, did this workload that you were responding to ever back off and the number of people drop, or --

STERN: Never. Never. They were being born faster than we could process them.

Q: (laughs) Well, I remember in corridor conversation people would talk about the visa mills in the Philippines, Italy, Mexico.

STERN: Greece. Yeah, these are the famous visa mills. The problem being that these are the countries with so much pent up demand because the Immigration Act of 1923 cut off immigration from those countries. So there was tremendous pent up demand, particularly on -- memory serves me right, what we call the fifth preference, which is brothers and sisters of American citizens. So you would have, you know, Jose de la Cruz who immigrated to the U.S. way back when or got there with the navy or somehow. Well, he's got six or seven or eight or nine brothers or sisters, because they come from big families in these countries. Well, when you only have 250 immigrant visas a year you're talking, you know, when the kids are born you file the application. But suddenly when it jumps to 25,000, which is what it did, then all of these people are filing. But you can't allow all of your 25,000 to go to one given preference. Among the six preference categories you've got to try to be reasonably equitable.

Q: Well, isn't that the interesting thing about the American visas is there's multiple visas and then within that visa category there's, there's other slices, as you say, first through fifth or sixth preference?

STERN: Yeah. It's not a system that I liked very much, but nobody ever asked me. And of course we got congressionals like crazy. You know, again, Juan de la Cruz lives in California and he's not hearing anything about this given family member who's trying to come in. So he calls his local congressman's office and the congressman's office *always* responds with a letter to the State Department, which then gets transmitted to us for us to respond to. And it got to the point where I had a form letter with numbered paragraphs and I'd read the letter, look at the case, and I'd write on the top 1, 6, 7, 4, and give it to a secretary, and she knew those were the paragraphs to put in for me to sign. And the congressmen were perfectly happy as long as they could show they had responded to their constituent's request. And we had answered. I mean God, I mean the load, the workload was just amazing. But I was going to school at night there. I decided that I would like to learn more about -- now that I was in Asia, I'd been in Japan as a GI -- I wanted to learn more. So I enrolled in the University of Santo Tomas at night under the GI Bill. And I was taking Philippine history and comparative Asian religion, which were interesting subjects. Between classes I would go over to the student union and shoot the breeze with whoever was there. I was the American on the

campus. Now, I'm six-foot-three. The average Filipino is five-six, maybe? You can see me for miles. I mean there's no way I can hide in the crowd. This was a time when there were a lot of demonstrations against the embassy because of Vietnam, because of our support of Marcos, and all of these demonstrations would come out of the university build. And Santo Tomas was right in the middle of the university belt. As an aside, Santo Tomas was the main internment camp for civilians under the Japanese during the war.

Any rate, during -- between classes or waiting for a class, whatever, I'd go in and I'd buy the beer. A dime for San Miguel, so that I could be a sport, for a buck I could buy 10 beers. They all knew who I was, they all knew I worked for the embassy, I never tried to hide anything. Filipinos love to talk and they love to show you how much they know.

So I had all the student leaders there, all the guys who were pulling together the protests and the marches and the whatnot. They were my classmates. And one of the enduring qualities about a Filipino -- and I mean this very sincerely -- is that they distinguish between an institution and a person. They could be totally pissed off at the United States, they could see the embassy as a symbol of who's, you know, holding Marcos up for the Vietnam War. But they saw me as Bob, their classmate. And that made all the difference in the world. You know, people would say to me, "Well, aren't you scared going down there with anti-Americanism and whatnot?"

And I'd say, "No, I'm as safe as if I were in my mother's arms, because they don't think of me in that way. They think of me as Bob, their classmate, who happens to be an American who happens to work for the embassy. But what's more important to them is I'm an individual, they know me. I'm a friend." So I got to do a lot of youth reporting. You know, I'd get home at night and I'd write my notes up and the next day in the morning I'd do a memcon, memorandum of conversation, what the students were thinking. So I was doing more reporting on university students than anybody else in the embassy. By default. And I did this for a year and then my daughter was born and I decided I had better things to do in the evening, I wanted to see her. So I stopped going. But what that did was bring me to the attention of some of the people on the executive level who read my reports and also to USIA, which used me as a speaker at other universities. Because I got along with students. So after I finished my two years' consular, and I should have been now heading home, a slot opened up in the Econ Section and they offered it to me to extend for another two years. So after doing only 16 months at my first post, I did 48 at my second.

Q: (laughs) Now, the econ position opened up, but who was nudging you at the side saying, "Bob, we'd like you to take it." Who's the we in this case?

STERN: The DCM. The guy who followed Jim. Dick Finn was the guy who wanted me to do that because he liked my youth reporting. So. You know, again, it's not as if I planned any of these things. You know, looking back on my, quote, career, unquote, I marvel how things kind of happened, you know, something happens, you take advantage of it, and you never know where it's going to lead you. And suddenly you find yourself, "OK, I'll do this." And basically that was what I did for 27 years and enjoyed almost all of it. As I say, I went then into the Econ Section, but I can tell some incredibly hilarious stories about my days going climbing on board ships, but most of it would have to be censored.

Hysterically funny. When I would write these things up afterwards --

Q: Now, this is econ or consular?

STERN: This is consular. I had to write them up afterwards. I'd go in the file, they'd go into a sensitive file because some people would be very upset with the language because I would report it verbatim.. Because I had to take down testimony.

And some of it was just hysterical. And I had to sit there with a straight face taking it down. And *(laughs)* just incredible. Then let's see, I moved into the Econ Section as deputy commercial attaché. It was a joint Econ-Commercial Section and I did as much or more econ work than I did commercial. I became the commodities officer and I had coconuts, sugar, pineapple, forest products, the biggies. And I got to travel around the country a lot going to the sugar plantations and coconut plantations and mills and whatnot, and refineries, and got to learn all about what makes that stuff tick and where the political power lies. Because it's the sugar barons primarily who held the political weight, and they have these big, big sugar acreage. Benigno Aquino, whose name we will remember, well when I first met Ninoy he was a senator from Tarlac, and his wife came from -- what was his family -- she came from another one of the major sugar baron families. So while they were very liberal in many ways, they also were very feudal and patriarchal, which is very, very typical of the Philippines. So I got to know them all. And they are among of the most easy people in the world to know. The old joke was, "If you know a Filipino more than 15 minutes and you're not on first name basis, he hates you." Whereas, in Korea after three years my closest Korean friend finally called me Mr. Bob. In Hong Kong, the only Chinese who ever called me by my first name were those who were educated in the U.S. going to school and lived there for a while. But you didn't get into the family, you didn't get into the society, you always were an outsider. In the Philippines, *you were in.* You know, it was like being, you know, your own neighborhood almost. You had friends, you'd go to family affairs, and things like that.

Q: Now, there's two aspects to being the commodities officer. Aren't there standard annual reports that have to be done on a certain schedule?

STERN: Yes, CERPs (Combined Economic Reporting Program).

Yeah, I had to write annually a report on each of the major industries because these were the -- well, coconut, for example, was the single largest employer. Sugar came second and was the largest foreign exchange earner, and forest products was third. And so that got me the chance to travel all around the country and visit, the rest of the country, particularly the Visayan chain and Mindanao because that's where the crops where and get to meet and see people.

Q: Now, how big was the Econ Section?

STERN: Let me think. There were three of us on the commercial side and I think there were another three or four on the second floor. Let's see. OK. Bill Knight was the counselor, Walley Lenihan was the commercial attaché, Frasier Mead was nominally the chief of the Econ Section while Wally was chief of the Commercial Section, and you had Bill Knight over both of them. Bill Peez was econ. Ken Stammerman was the third guy in the Commercial Section.

Q: Now, how did Knight sort of organize and motivate the section? How was he as a boss?

STERN: Well, Knight was on the second floor, Commercial Section was on the first floor. My direct boss was Walley Lenihan, the commercial attaché, OK? The only time I really interfaced with Knight was once a week at the weekly staff meeting when we would have a go around. On occasion he would task me with something specific, but I didn't have routine daily communication with him. As I say, we were separated both by a floor and by the responsibilities my boss gave me. You know, I looked to Wally rather than to Bill. Bill might well tell Walley I want all these things done, and then he'd parcel it out between myself and Ken and himself. But the one big thing I did for him was -- are you familiar with the Laurel-Langley Act?

Q: No.

STERN: OK. Well, in 1946, when we granted the Philippines their independence, Laurel was their secretary of state and Langley was ours. And they worked up a deal where for 25 years, I believe it was, the United States would continue to have the same economic protections as if they were Filipino. They could own land, they could go into retail trade, they could be involved in extractive industry. All other foreigners could be in those areas only on a 60/40 basis, majority Filipino. So the 25 years was going to come to an end in 1971. And the nationalists were all saying that we were going to be putting pressure on the Philippines to extend it and we were going to be twisting their arms and the Americans are treating us like a colony, da-da-da-da-da-da-da, and Washington was running up and down in circles. And we were all convinced that Laurel-Langley was a very big deal. And so Bill Knight said to me, "Bob, I want you to go out and talk to all of the companies that will be impacted by this. What are they doing? How do they see it? And so on." All right. I went to the American Chamber and I made sure I had a list of all the companies that would be affected. And I discovered that it was much ado about nothing. For example, a land ownership issue. Pfizer, among others had a big operation there and they had a couple of acres of land on which they had factories. Well, they didn't give a damn about the land; all Pfizer cared about was access to the factory. So what each of them had done was to donate the land to the pension fund of the union and they then paid rent to the union. And of course if they didn't have access to the building, they didn't pay rent, the pension fund didn't get any money. So it was in everybody's interest to make sure that the company kept its doors open . And the land was 100% beneficially owned by Filipinos. Turned out that *all* of the companies did the same thing, all the ones that owned land that weren't just leasing. They were very smart. The next thing was retail trade. Well, the two biggies there were Kodak and Singer. Kodak had all these places where you took your roll of film in to be developed and so on and Singer sewing machines sold retail. They had set up a process so that the managers of each of the outlets could buy it and would become the owner of the outlet, but would continue to buy all the materials and source everything from Mama Kodak and Mama Singer. And that had been in process for several years and would be complete by the time Laurel-Langley was over. So I then I went to the extractive industry and we had one very big one, Benguet Mining as I recall, *huge* operation. And I said, "Well, what are you guys doing? You guys *really* need the land and all."

They told me: "Well, very simple. We have floated a very large stock issue and we only sold it to Filipinos. So by the time we finished selling this stock 60% of the stock of the company was owned by Filipinos, only 40% was owned by Americans, and we have a management

contract."

So the companies were *very*, very quick to see what was going down, not to want to rock the boat, and to come up with an intelligent solution. And I put all this together and I went back to Bill, I said, "Bill, relax, we don't have to do *anything."* And I had it all written out, all --

He said, "You're kidding me."

I said, "No," I said, "I was dumbfounded, but that's the thing." I said, "We can go back to Washington and tell them, 'This is the time for propaganda galore,' to say, 'We lived up to our obligations. We said 25 years, that's it, we're done!'" And that's what we did. But it came as a great surprise, because we were all *sure* that this was going to be a real dust-up. Shows you what, you know, conventional wisdom is like.

Q: Well, and of course this is, as you said, in the atmosphere of Vietnam, was seen as, you know, the big Americans doing this.

STERN: And it was also the nationalist fervor, there's always been a strong nationalist sentiment. The most famous was a quote by Claro M. Recto, a major leader of the Nationalist movement. He said, "I'd rather live in a hell run by Filipinos than a heaven run by Americans." Kind of got his wish. But he was I think right. Until we got out of there, until we got out of the bases and all, they were never really going to be forced to make things happen on their own, be forced to figure out how to make it work. And they're doing much better now I think. So in some ways I think he was right. But there was a lot of that, so we made great hay out of the fact that hey, a deal's a deal, you know, we said this and we are going to live up to it. We don't want anything.

Q: Now, that's what the commercial side of the Econ Section was doing. What did the econ side of the Econ Section do?

STERN: Well, they were doing the big stuff, balance of payments. They were worried -- they were looking at the banking in particular. The Philippines was a major debtor of the Asian Development Bank the IMF, World Bank, and commercial banks. So there was a great deal that went on upstairs on the financial side, they handled all of that. I never got involved in any of that. A lot of stuff went on up there that frankly I don't even know what they did because I just wasn't there. As I say, when you're separated by a floor, that can be as good as a mile.

I had my portfolio and it kept me fully occupied, so I didn't worry about what they were doing.

Q: Now, all this travel you were doing around the Philippines to follow up on your portfolio. Philippines is an island.

STERN: Seven thousand of them.

Q: So you're flying, driving, ferrying?

STERN: Flying. Flying. Flying everywhere. Basically --

Q: Commercial or --

STERN: Yeah, Philippine airlines basically, or --

Q: The embassy had its own --

STERN: No, the embassy didn't. The embassy didn't have any airplanes. The air attaché had his own airplane. I flew commercial on some interesting airplanes. Cebu is an island in the center of the archipelago. It is to Manila what Chicago is to New York. It's the second city, it's also the traditional home of the opposition, it's the hub of the inter-island shipping, and it's also the hub of the inter-island flying. Most flights change in Cebu. We had a consulate, a two-man consulate back in those days down there a post I would have *died* to get, to get to be consul in Cebu. Lovely place. But that was where you learned all about what was going on in the middle of the country, in the Visayan chain, down through Mindanao. And by talking to the people in the shipping industry, because of all the inter-island shipping, you picked up a lot. As you commented on it being islands, one of the problems similar to a problem they face in South America with the Andean chain separating one side from the other, a lot of these islands have a mountain running down the middle. It's easier to trade with the island across the water from you than it is to trade with the other side of your own island. So small coastal shipping is very big. Also, because of it being so mountainous, the fields for sugar are not terribly large. So in order to get a full cargo you have to stop at half a dozen places loading up and then trans-shipping into the big vessels. There's an area in the central Philippines known as Sugarlandia, which are the islands of Ilocos, Leyte, Negros, and Panay, where most of the sugar was grown. And of course sugar's also grown up north in Luzon. And how -- it was marvelous. Everybody was friendly as could be. I could go anywhere. I went places that cops didn't go because my armor was the fact that I was an American, that nobody was going to bother me because I wasn't there to bother them. I mean all the officers who had gone before me had set the tone. I'm not here to comment to any official as to what you're doing. You know, when I would go down to the docks when I was working at consular at 2:00 in the morning and all the smuggling and stuff was going on, I didn't see anything. It wasn't my job. My predecessor, Don Mudd, took me down there at midnight one night to introduce me to all the gangs and says, "I've been transferred. Bob here's going to replace me. That's his car, the Plymouth," and whatnot. So that meant my car was sacrosanct, nobody would touch it. And I could go down there at four o'clock in the morning and shoot the breeze and pass out cigarettes, have a cup of coffee while waiting for the launch to come out and take me out to the ship. Nobody would bother me because I was Bob dealing with American ships and I did not see or know or care what they were doing. I got to see it all and I got to write it all up, but it didn't get given to the Philippine government *(laughs).* So you know, I walked -- I was standing on the shoulders of all the guys who had walked before me to some respect who had set this up so it was understood that guys from the embassy come through periodically band they're no threat to you.

Q: Now, sugar is one of those commodities for which the United States has quotas.

STERN: It did then. It no longer does. The quotas ended while I was still there, and that changed things very dramatically. Sugar has always been a boom or bust industry in that it's a one-year crop. You can plant today, and one year from now you've got a full crop ready to go. Unlike coffee, for example, which can take five or six years before you can harvest the

berries. Or a coconut tree, which takes a certain number of years to grow. Sugar, instant gratification. So when sugar prices were up, everybody would plant like crazy. Then we'd have too damn much sugar and the prices would plummet. But quota sugar was at a fixed price. So if you held a portion of the quota you were golden. One of the interesting facts about sugar, which I learned, was that sugar has a half-life of 24 hours. Once you cut the cane you've got 24 hours to crush it or the sucrose content drops by 50 percent. And then 24 hours later it drops another 50 percent. So you've got to get the cane to the crushing mill *fast.*

Q: Yeah.

STERN: Which creates all sorts of situations. And so yeah, you know, for a kid who comes from the Bronx, learning about, the intricacies of sugar cultivation and coconuts and all that was great fun. I'm suddenly an agriculturalist.

Q: Well, what happened when the sugar quota business ended?

STERN: Well, when the sugar quota ended suddenly everything was free market sugar. And the price of sugar went up immediately on the world market. Because a lot of people who no longer had a quota cut back so suddenly we had a tremendous shortage of sugar and the price went up. And we began to go into a yo-yo system of pricing, I don't know where it is today. But back when I was doing it the French had a separate quota system for the former French Union countries in Africa. The Brits had a quota system for the former colonies and commonwealth countries. We had a quota system primarily for the Philippines and of course we grew a lot of sugar in Hawaii. So the reality is that while free sugar was cheap, there was hardly any free sugar. Ninety-five percent of all sugar was under some quota regime, which held it as a special level. And you know, leftover sugar went for whatever you could get.

Q: So the big sugar owners and the sugar wealth in the Philippines was not particularly impacted by the new structure.

STERN: Well, they were in the sense that they had to compete in efficiency. There were some mills which were very, very efficient and could compete quite easily. There were other mills that were marginal, and as long as they had a quota they were OK. Without a quota they were in trouble because their costs were too high and they went out of business. We had propped them up through the quota. But the major producers were pretty efficient and could compete with anybody. The Philippines' biggest problem with sugar, as with every other commodity, was the fact that it's all these little damn islands. You can't have huge acreage because the island's only so big and there are mountains all through it. Only one sugar mill -- as I still remember, Victoria -- was big enough to have a narrow gauge train and it could carry cut cane to the mill. Everything else was trucks and caribou-hauled wagons. Because it was too small. And the mill would stand empty and idle three-quarters of the year, because it was only when the crop would come in suddenly you race like crazy to cut it and crush it. And then you wait for the new crop to come in and it sits idle. The mill in Victoria was one of the few places in the Philippines where they could space their crops and keep their mill running most of the year. And they could handle the distance because they had what looked like a Toonerville trolley, a very narrow gauge railroad that would haul it. So yeah. That was it.

And when the congress was debating the sugar quota act -- this was I guess not long after my

daughter was born, about 1970, 1971, somewhere in there -- the head, the sugar club was going to send its president, a guy by the name of Ramon Nolan, to testify in front of the congress to keep the quota. So I saw this as an opportunity to pick up some points with the sugar guys, I would give him a farewell party in my home. And invite a lot of the sugar people. And the Philippines is a strange place in that you never know who's coming or when. So if I said, "Cocktail party starting at 8:00," I could be confident that nobody would show before 9:30. I could also be confident that I would have no idea of how many. If I could invite 30/35 people I could get anywhere from 10 to 100. Because somebody -- you're on your way to my party and you run into somebody, you say, "Yeah, I'm going over to Bob's, come on along." And that's just the way they did it.

So coincidentally two congressmen came in and I was named the control officer. They were not on agricultural, they were on the communications committee and we had an earth satellite station -- this is very early days of satellite up in Makati Province just north of Manila. And they were there to look at it and were getting a tour of the region. They were there with their wives. I figured I'd invite them to the party too, and they said sure. So I called Ramon and I said, "I don't want to blindside you, there's going to be two congressmen and their wives at the party. But they're on the communications subcommittee, nothing to do with agriculture. Just coincidental that they happen to be in town, I wanted to let you know ahead of time."

He said, "Well, that's great." You know, I know a couple of people who might like to talk to them. Do you mind if I bring" --

"Nah, sure."

I had slightly over 90 people come. I ran out of food, I ran out of drink, I'm calling everybody I know, "Bring food, bring booze."

The Vice President of the Philippines showed up and the secretary of agriculture. This gives you some idea of how important to the Philippines the sugar quota was. And the next day I go into the embassy and walk in my office and the secretary says, "The ambassador wants to see you immediately."

"Oh boy, what did I do?"

So I go racing up to the fourth floor, I think it was. And the secretary says, "Go right in, he's expecting you." Oh God, you know.

And I walk in, I say, "Sir, you wanted to see me?"

And he says, "Mr. Stern, in my embassy junior officers *do not* invite cabinet ministers to their homes."

I said, "No sir, they don't." I said, "But when they crash there isn't much you can do about it."

And he cracked up. He says, "Jesus, this is a hell of a place, isn't it?"

I said, "Yeah," I said, "They crashed my party. What was I supposed to do? Say no, you can't

come?" So we had a good laugh over that. But that's the kind of a place the Philippines was. And I have very warm memories of it. I spent four years there and then I was three years on the desk, so almost a fourth of my career was on the Philippines.

Q: Still -- excuse me -- still at this time you're a younger officer. What did people do for diversion for the weekends?

STERN: OK, we were involved with the Manila Theater Group, which was a community theater. My wife was very active and was in a number of their plays. I moved furniture. I have no acting ability or interest, but I schlepped for them. She got very involved with the Manila Theater Guild. And we worked in conjunction with several other theater groups, one from a Saint Josephs College, and also there was Philippine Repertory Theater. So a lot of times we would do things in conjunction. We put on "Fiddler on the Roof" and we did it at the National Theater.

Huge thing. My boss Tony Sega played Tevye. A priest played the rabbi. I was the technical advisor. It was supposed to run one weekend; it ran six. Packed houses. So we had a lot of fun doing things like that. Restaurants, movie theaters, always a party going on somewhere. Filipinos loved to party so you're always being invited out. You weren't bored. And then, you could go to the beach, go out to Corregidor, go see some of the historic sites, Pagsanjan Falls and some of these other things. And we had two babies. My kids were born there in 1969 and 1971. So you know, they take a little taking care of as well. We have very, very fond memories.

Q: And I would presume given the Philippine-American history and the large bases and whatnot, there's a fairly steady stream of congressmen that were passed around to the various sections.

STERN: Oh yeah. Oh yeah.

Q: Any difficult congressional handling stories?

STERN: Not for me. The Political Section got the tough ones. The guys who would come in who would deal with the military bases situation, or the question of "is Marcos a dictator" and all of that stuff, that was the Political and the Executive Section. We didn't get much of that on the econ. We'd get guys who were interested in commodities, so we'd get California and Louisiana and Hawaii, things like that. But the really difficult subjects didn't come to us. So I didn't personally deal with any of those.

Q: Was there a presidential visit at the time?

STERN: Yes. Nixon came through with the astronauts and gave moon rocks. Let me backtrack a little bit. 1969, July something or other, I forget now the exact date, last week of July, we're going to land on the moon. People put up huge screens, television screens in supermarket parking lots all over the country so everybody who wanted to could watch, because it was going to happen, like you know, three or four o'clock in the morning. And --

Q: Showtime for USIA.

STERN: Well, our science officer, Kreisberg, Don Kreisberg, was on Philippine television as the commentator to explain what was going on. And the whole country stayed up all night to watch it. And the next day when I walked down the street, people would come up to me, they'd say, "Are you an American?" I'd say yes. They'd say, "I want to shake your hand." It was the most amazing thing. I mean everybody was just gaga over it, like they had done it themselves. But it was really a wonder. My daughter was born a week later, I had other things on my mind. But she was born into the Space Age. But I guess the following year, Nixon came on an official visit with a couple of the astronauts and he brought some moon rocks to present as well. So I -- that was my first presidential visit. I was in the control room for that, you know, was one of the control officers. I remember they did this at the Intercontinental Hotel out in Makati, a suburb of Manila and the helicopters, which would pick up the presidential party and move them around, would fly fairly low over some of the more expensive real estate which was clustered out there in Makati. And I got a couple of calls from some irate people. You know, helicopters are waking us up, they're coming in much too low--

"Yes sir, well I'll certain pass that on." And I said, "I hope you understand, sir, that we have to fly the flight paths that the Philippines Aviation Authority gives us so that we don't conflict with aircraft coming in and out of Manila Airport. But I will pass on your comments. Thank you."

Q: Would this equipment be out of the U.S. bases?

STERN: Yeah, well, we had, Naval Air Station at Cubi Point, just across the bay and the other side of the Bataan Peninsula. We also had Clark Air Base to our north. So it's about a 35-minute helicopter hop from those bases to the embassy where we had a landing field. We had a heliport in the embassy and of course there was a heliport on the roof of the hotel. So very easy getting helicopters back and forth.

Q: Now, Manila would have been a major town in Asia. Would you have interacted with your colleagues in other embassies, the Japanese embassies --

STERN: Definitely. We had a Anglo-Saxon Luncheon and Bitching Club.

When I was a vice consul, once every two weeks the British, New Zealand, Canadian, Australian, and American embassy vice consuls would meet for lunch in a Chinese restaurant and we would compare fraud notes and moan and groan about the pressure we were getting and have a wonderful time. Got along very well with them all. The Canadians sponged off us unmercifully. Because they were always shorthand. Every place I've ever been the Canadian embassy's been *grossly* understaffed and they've relied on us for a lot of economic or political reporting. So we always had a lot of contact with the Canucks every place I've been. Had a very good friendly relationship with them. Didn't really have any contact with any of the other embassies that I can think of. We didn't really have any, you know -- at my level. I can't say for anyone else -- but I'm way down -- remember, I'm down at the bottom of the pool. We didn't have that many shared interests. Whereas visa officers -- we were the countries that were being besieged, therefore we had a lot in common. The other countries were not being besieged. I mean they'd get three or four applications a week. We'd get those every 10 seconds. .

Q: When you had your commercial portfolio then you weren't particularly following Japanese investment or --

STERN: No. The Japanese did not do that much direct investment. One, because they were limited to 40 percent, because of the law. And secondly, because Filipinos hate them. They'll take their money and they'll partner up with them on a variety of ventures, but they hate them. I mean I'd go to parties and the Japanese would be standing in a corner by themselves. There was one golf course I used to play on. The name escapes me it's so long ago. But I remember the first time I played there I noticed that off in the rough there was a guy standing there with a rifle on his shoulder. I turned to my Filipino friend who I was playing with, and I said, "What, do you get snakes down there?"

And he says, "No, this is known as the Japanese course."

I said, "Explain that one to me."

He said, "Well," he says, "you know, we've got some of the rough here, you've got ravines and whatnot, and balls go down there and disappear. Well, this is a course that's very popular with the Japanese community, and they're very disliked. So if one of them gets down in there he might get mugged. So they've had to post guards in all of these ravines to protect them." Well, talk about a tough course *(laughs).*

Q: Now, in 1972 you're coming up to the end of your fourth year at Manila. And how -- what are you thinking about for the future?

STERN: Well, I know I'm going to the FSI econ course. I already had orders.

Q: Why do you know you're going to the econ course?

STERN: Well, you know, you put through your bids and everything else. And in those days -- and possibly today as well, I don't know -- if you wanted to stay in the econ cone you had to have either a degree in economics, *or* take the econ course. Well, as I did not have a degree in economics, I was going to take the econ course. Then there was a deputy assistant secretary for the Department of Commerce who would come through periodically, and he and I got along really well. And he said, "Bob," he said, "after you finish the econ course I'd like you to come and work for me as special assistant at Commerce." I said OK, sounds good. So that was all set up. Unfortunately, by the time I finished the econ course he was gone and nobody knew what to do with me. And I had a year and a half of misery in Commerce.

Q: Well, let's get back to the course.

STERN: Well, let me go back a little bit further than that. In the summer of 1972 the rumors of Marcos declaring martial law were rife.

*H*e had already stood for election too many times and it was clear he was running a kleptocracy and the question was would he declare martial law. The informed opinion of the embassy was no, he wouldn't. I left there in July, he declared martial law in September. So, but that was the big thing going on my last couple of months, the political stuff. Would he declare martial law and what would be the consequences? And he declared martial law

Filipino style. Basically it was all on paper. Didn't see any troops, almost nobody was arrested, there were no shootings, and everything was run by a moderately benevolent dictatorship.

The econ course was grim. It was intended and designed to be grim because they were trying to cram an absolutely enormous amount of material in you in six months. For example, in math we did a chapter a day, and I've never been strong on math. So we would have about four to five hours of class each day, and I would put in about another seven hours of study. If I'd done that before, I would have doctorates up the you know what. But fear will do that to you. I wanted to stay an econ officer. I had a family, I had children, I had a career to think of. By God, I was going to do well in this course, whatever it took. So I'd get there at seven in the morning and I'd be working for three hours before my first class, work all through lunch. After class I'd go home, have dinner with my wife, the two babies, and go back and work until midnight. And I did every single problem in the book so I'd be ready for the next day. And I'd look around and most of my class, they're sitting there around there with me. I mean I wasn't unique by any means. I mean some people had strong math backgrounds, it was a lot easier for them. But I worked like a dog for six months because this was really, really important to me. And I thought, you know, for my family's future.

Q: Do you recall who some of your classmates were?

STERN: Yeah, I do. Joe McLaughlin. Unfortunately he died of cancer not too long ago -- well, more than a few years ago. And let's see, Stumpf, Ed Stumpf. Did you ever know Ed Stumpf?

Q: Name sounds familiar, but I don't know.

STERN: Ed was a classmate. He died about three years ago from heart disease. He went over to Commerce. Let's see, Dave Dunford. That name rings a bell? I can't really think -- you know, we didn't really do much of any socializing. I mean basically this was a sweatshop. You *worked*. Occasionally we would be together on a team to do something, but you basically had your little carrel and you worked.

Q: Who were the professors?

STERN: They were people from American University, George Washington, Georgetown, the Federal Reserve Board. I mean we had top-notch people. I mean I took money in banking from an assistant director with the Federal Reserve, I mean absolutely topnotch people. If you were willing to learn, they were willing to teach you. I lost one day. I had to take a day off. Because we were moving from our temporary apartment to our house, and I had to help my wife with the two babies and all of that stuff. Well, I came back and I was like six months behind. That one day killed me. And I went to the deputy director of the program, Dr. So and So, I don't remember his name. And I said, "Sir, I'm in deep trouble," and I explained what happened.

He said, "Sit down."

He sat one-on-one with me for four hours and brought me up to speed. Said, "OK for the class tomorrow."

"Thank you, sir." But that's what it took. And I mean --

Q: And where were the classes held at this time? I've forgotten.

STERN: We were at FSI on Key Boulevard. Did I mention that my A-100 class was the very first class to begin in that building?

Q: No.

STERN: The seventy-third class began in Riverside Towers where FSI occupied the basement, and then they opened up the brand new FSI building on Key Boulevard, and of course the classes that were already in session moved over, but we were the very first class to start A-100 in Key Boulevard.

Q: Back to *the econ course which you characterized as very intensive.*

STERN: Oh God. That is British understatement. I've never worked so hard in my life, and I ended up in the upper third of my class. I did extremely well on the econ and I just barely passed on the math. I put in three or four times more effort on the math than I did on the econ, but math does not come easily for me. Some reason my brain doesn't work that way. Macroeconomics and all that stuff, money and banking, that was coasting. And I just ate that up with a spoon. But you know, the advanced algebra, the calculus, the statistics, oh God. Those were murder.

Q: Now, you're saying you had some sense of where you were going after the class. Is that true for most everybody in the class?

STERN: I don't know. To be honest with you I never really asked. Probably, you know, because usually you get a two-year assignment, so it was going to school and I waited on X. When I got to Commerce, because they put me in the Latin American Bureau in trade promotion. But there really wasn't very much to do. I was like a fifth wheel and it was a very unhappy year and a half because I always felt so underutilized. Here I'd been working my tail off for six months in the econ course. I'd come out of four years of a lot of responsibility and a lot of work, and a good 16 months in Costa Rica. And now I'm just kind of hanging around.

Q: Well, now how did that come out? I mean was this the consequence of the assistant secretary that you knew --

STERN: Yeah, he wasn't there anymore. The job wasn't there. The new guy had his own guy. So he said, "Oh well, OK, you've served in Latin America, yeah, Costa Rica, OK, we'll put you in the Latin America division and trade promotion, so I did a lot of cold calling to get people to buy booths at trade shows. Which was not terribly exciting.

Q: Well now, so you were calling people in the States?

STERN: Yeah, trying to get them to -- or trying to talk them into, "We're going to put on this terrific trade show in Bulgaria and we really think your company could profit by it, and da-da-da-da-da." So that was a year and a half I'll be perfectly happy to forget. I don't feel I got

anything out of it. It was a dull, a deadly year and a half.

Q: Looking at my notes here. Among your responsibilities was Venezuela.

STERN: That came when I moved to the Office of Economic Policy for Latin America, ARA/ECP. That was 1974. My first job at Mama State. Interestingly, Venezuela and the Central American countries did not have an economic desk officer in the State Department. Therefore I was the economic desk officer for Venezuela, Central America, and Panama.

Q: Let me back up. You have this excruciating assignment in Commerce. How did you get out of it?

STERN: Well, it was only for a two-year tour. And after 18 months -- and I had six months in school, that was my 24 months, the regular cycle was there. So I had been bludgeoning my career manager, "Please get me out of here!" So when the two-year cycle came they were able to move me into a job in State , ARA/ECP. As I said, I begged, pleaded on bended knee, "Get me out of here! Anywhere, I'll go anywhere!" So, they got me into ARA/ECP, and I got that job. And then they turned to me and they said, "Bob, you're going to be the energy affairs officer."

And I said, "Really?" "I don't know anything about energy affairs."

And they said, "Don't worry about it, nobody else does either. We've never had an energy affairs officer before, but now we have OPEC (Organization of Petroleum Exporting Countries).and you have Venezuela, the founding father of OPEC. And therefore, we want you to be the guy, the bureau guy for energy affairs. And because Venezuela and some of the other countries in the region are nationalizing American oil properties, we'll also make you the financial affairs officer dealing with expropriation.

Q: So your job portfolio is responding to some very contemporary events.

STERN: Yes. You know, timing is everything. I mean I tend to walk into something -- oh, guess what just happened! Oh boy.

Q: The ambassador would like to see you right away, Mr. Stern.

STERN: Exactly. Exactly. So I started trying to figure out what was going on with energy and discovered the more I read, the more I did, the less I understood. But I remembered that in the Philippines that when I didn't understand something, for example sugar, I found somebody who knew everything there was to know about sugar and I sat at his feet like a disciple and let him talk to me. And I discovered that experts *love* to tell you everything they know, because they bore the crap out of everybody else. And they finally found somebody who's actually interested, they're thrilled to death and they want to tell you. So I found a publication called Petroleum Intelligence Weekly, which came out in New York.

It was, an industry paper. So I went to my boss and I said, "Look, if I can get these people to agree to it, to let me go up there and spend a week in their offices, like a fly on their wall talking to them, can you get me per diem?"

He says, “If you can talk them into it, sure.”

So I called the editor, publisher, told them who I was and I explained. And I said, “Frankly,” I said, “I’m so dumb I don't know what questions to ask.” I said, “This is new to us. We’ve never had to deal with energy affairs before, because the price has always been so low it’s never been an issue. Now it is. I would like to be able to get enough knowledge to understand what you people are talking about.” I said, “Would you be willing to let me come up and spend time with you -- no cost to you, of course -- and just talk to your people and listen and ask questions?” And they, they, they thought it was great. Jeez, Washington is coming to *them?* None of this Washington, I’m here to help you, but rather can you help *me?* And they said sure. So I went up to New York and I spent a week with them. And the first thing I discovered is that as in every industry there’s jargon, and if you don't understand the language, which we didn't, then you’re making a moron out of yourself because you’re talking about things that you truly don't understand. You’re making decisions based on information that is false, simply because you don't understand the language. So when I got back I wrote up a glossary of oil industry terms, terminology, it was the first thing I did. So that we could all be on the same page. And I learned a great deal from them. And then I went down to Venezuela to Maracaibo where we had a consulate at the time. And they took me around, I got to meet all the people, and I got to go on some of the offshore rigs, see a little of that. But I found all through my career, as soon as I was put in the position where if you want me to do *what,* I hunted for somebody who knew a hell of a lot more than I did. I went up and I said, “Can I just be your best friend?”

Q: When did you go up to New York? I mean if you started –

STERN: This would have been, this would have been like September, October 1974. Very early on.

Q: Now, there’s other things going on in the States. In August 1974 President Nixon resigns.

STERN: Didn't have any impact on us whatsoever, other than well, a small cheer. But no, it didn't affect us, we had a secretary of state, Henry Kissinger. And you know, one thing about Henry, he always knew what he wanted and made sure you did too. I’m not overly fond of him, but he by God, I mean you knew who was holding the reins. So no, we didn't have -- the fact that he was gone and Jerry Ford came on really made no difference to us whatsoever. Not even a ripple.

Q: So this office, originated economic policy that you were assigned to, who was leading it and --

STERN: Bill Knepper was the director. We also had a deputy director, and I think we had about six other officers. Oh no, there was a lot to do, I mean everybody had jobs. I mean we were doing a lot. I mean it just so happened that if you were going to do energy, you might as well do the expropriation issues because it’s the same countries and they’re all tied together. And I began to do less and less and less about Central America and more and more and more about energy and expropriation, which kind of sucked the air out of my time in Venezuela. So that -- the Central American countries and Panama, the economies, essentially the banana republics, and you know, the reporting from the embassy themselves, desk could handle it fairly well without any major input from me, which is why they didn't have econ desk

officers in the first place. Because they really weren't needed.

Q: Also, wasn't this a time when ARA and AID were –combined?

STERN: Yeah, well you had joint State-AID sections in a lot of posts. And in ARA/CEN, the Central American group, you had a couple of AID officers. The deputy director was an AID officer as I remember. But no, the AID guys were separate. It was really at post that you had the intermingling.

Q: One of the things I think I hear you say is this regional office had the flexibility to try to get a handle on new issues that are coming up. The Venezuelan desk wouldn't have been doing this itself.

STERN: Yeah, well for example, this was the time when the Mexicans -- Raúl Prebisch, in particular -- were touting the new economic order -- in the UN. And it was looking at the way transnational corporations handled themselves and what they were doing in terms of shifting profits, taxes, and everything else to screw, the host countries. The UN was trying to develop a code of conduct for transnationals. And we were given the job in ARA/ECP of doing the initial draft of the U.S. response. So a guy by the name of Bill Falkner -- I don't know if you ever ran into Bill -- and I who were the two who began this. Bill did a little more of it than I did, because I got handed the Panama Canal thing, which was happening then.

Here's another example of where conventional wisdom is totally false. You know, I grew up to believe the Panama Canal was *wow*, you know, critical, important to our nation, military, commercial, everything. We've got to keep the canal. And the Panamanians were really giving us a very bad time and it was getting harder and harder to control. What's the real situation? So Bill and I were asked to go and do the initial research. And I went over to the Pentagon, to the navy people, and I said, "How much do you use the canal?"

And they said, "Hardly ever?"

And I said, "Really? Why?"

And they said, "No aircraft carrier can fit through it, because Panamax, the maximum width of the canal was based on 1920s. We stopped building ships to Panamax standards once we started building the post-war aircraft carriers; the nuclear carriers. So all the other accompanying ships have to be with the carrier, even if they could fit through the canal, they don't because they go with the carrier. And we've always had the policy, we do not allow submarines in the canal. Therefore, once in a blue moon we get a destroyer or something, cuts through going from Atlantic to Pacific, but you know, maybe half a dozen crossings a year."

Wow. I didn't know that. So then I went to U.S. President Lines and I went to Maersk and I went to a couple others, I don't remember all their names, and I asked: "What percentage of your ships use the canal?"

They said, "None."

I said, "*None?"*

They said, “The container ships don’t fit. The big crude carriers don't fit. The big bulk carriers don’t fit. What we do now is we either go to the West Coast where we have a rail link, or the Gulf Coast where there’s both a rail link, and in the case of oil there’s also a pipeline. Or to the East Coast, and once again, rail link and pipeline. You know, we don't go around the Horn and we don't go through the canal.” Says, “We haven’t in years.”

I said, “Well, who the hell is using the canal?” So I went to Panama, and I went to the Canal Zone and sat with the canal authority people. “Mostly South American ships coming from one side of America to the other, because you can’t cross the Andes.” He says, “Ninety percent of our shipping is local.” He says, “You’ve got a few tramp steamers and whatnot, but the big stuff doesn't come here.”

So I said, “Well, in terms of economic and military value to the United States, where would you put it?” I said, “If you had to turn this thing over to the Panamanians to run, how hard would it be?”

He said, “They’re running it now. We’re just kind of supervisors.” He says, “That’s the most important thing to them economically. They’re not going to let anything happen to this. Without the canal, they’re broke.” And what was his name? Very distinguished -- Ellsworth Bunker. Was Carter’s point man on this, and I got to carry his briefcase.

*La*ying the facts before Ambassador Bunker, you know, he then went back and told the president, “Give ‘em the canal, it’s not worth it. Make a big deal out of it, ya-da-da-da-da-da, look at us, we’re being good. But otherwise we’d have to have a soldier stationed every five feet to keep the canal because the animosity towards us is so high. And it just is of *no* importance. It used to be and if they ever make it wider it might be again, but now it’s meaningless. And we had the statistics and we had the notes and everything else. It was very clear.” Just like we had in the Philippines. All the conventional wisdom was wrong. So Carter very wisely, took yes for an answer and we said, “Absolutely, we’re going to turn the canal over, you know, and everything else, we’re going to do it -- sit down with the Panamanian government and work out a program of phasing, so that it can be done smoothly, and we’ll be out of there.” Everybody cheered and nobody got hurt. And the canal’s still running smoothly.

Q: You must have started it out because Carter doesn't come in for another three years. I think Bunker started the process.

STERN: Well, it could have been under Nixon and Ford that I started. I don't remember now because -- remember it was Carter who gave it up. I remember Ellsworth Bunker being the point guy. Because I literally carried his bag to Panama.

Q: And the Senate almost destroyed the whole agreement.

STERN: Yeah, and it was one of these things where it was a freebie. It was a total win-win. Leave it alone.

Q: Can we go back to this energy paper that you were talking about. You and --

STERN: Bill Falkner. We didn't write the energy paper together; we wrote the trans-national enterprises paper together.

Q: Right, and that was the issue of how to respond to the activity in the UN.

STERN: Right, because the UN was pushing the new economic policy, NEP very hard. And they were right. Our big companies were screwing them right and left. They were finding all kinds of ways to shift costs so that the costs would be highest in the places where the taxes were, so the profits showed up in the places where the taxes were the least and everything else. I mean they were very good at that. And the countries were tired of being screwed and it was either we come up with a good code of conduct or we're going to nationalize everything. So Bill and I did some of the initial drafts, I mean I don't know how many drafts there were finally, it kept working its way up higher and higher. But you know, we got the basic framework of the paperwork together, you know, for our betters to work on. And that was an interesting assignment.

Q: And what was the thrust as it came out of your hands?

STERN: Well, we were trying to argue that nationalization was a mistake because it would end investment. And as these countries did not have internal resources, what was going to happen was the thing was going to go dead because no new capital would be coming in, that it was much better to work out on the basis of country by country -- we were arguing. I mean, you must remember, this is a long time ago. I don't remember all the specifics. But I think that our argument was that each country would be better off pursuing agreements than trying to have a one size fits all. If I remember correctly, that's where we came out.

Q: And that would be interesting because if you were an economic researcher today and you wanted to follow that issue, all you'd have to do is request *those documents that you were generating.*

STERN: I doubt if they'd be around because we're talking about drafts, which were -- you know, this is before computers.

You know, so this stuff would have been destroyed long ago. I mean, you know, a lot of yellow legal sheets and whatnot. I mean, the later work, the work that was done, you know, as you got more and more toward actually having a policy, yeah, those papers would be there. But that was after my touch, that was beyond me.

Q: We're returning to our conversation of the 21st. In this break we were talking about our early exposure to wine and you were saying that your holiday wine was always just Manischewitz.

STERN: Yeah, I, you know, we were not a very sophisticated family. As I said, my father was an immigrant from Poland. And that's not exactly wine country. So I learned about dry wines a little later in life, and as I just mentioned they held a wine tasting for our A-100 class over at AFSA (American Foreign Service Association) hosted by the California wine growers. And that was my first exposure to just how *many* wine there were and how much pleasure there could be in wine. I really do like wine.

Q: Actually, we're about to go off to Hong Kong. So I recommend just taking a break.

STERN: OK, we can do that. Let me see if there's anything else I want to point out. Oh yeah, let me talk about Venezuela for a moment.

Early on, when I got into the office, I noted that Venezuela was doing extraordinarily well. Price of oil of course had gone up, skyrocketing. And Venezuela was raking it in. The President of Venezuela at the time,, Carlos Andres Perez,, had set up a fund so the money would be going into an investment setup rather than becoming inflationary. So it seemed to me that at least in theory he was doing everything right and that Venezuela had reached what Rostow had called the takeoff point, where a third world country finally breaks loose and moves its way up into the first world [Ed: Walter Rostow, The Stages of Economic Growth: A Non-Communist Manifesto, first published in 1960]. And I mentioned this to my boss, the deputy director, Jerry Olsen. Jerry's last post had been Venezuela, where he had been chief of the Econ Section. And he laughed and he said, "Within three years Venezuela will not only be broke, but it will be back at the concessional window of the Inter-American Development Bank and the World Bank begging for money."

And I said, "Jerry, that's crazy." I said, "Look at all this coming in, look at" --

He said, "They're Venezuelans. If it's possible to screw it up, they will. They have these wacky ideas about socialism. They think that wishing will make it so. Most other South Americans think they're nuts." He said, "Watch what happens."

Well, Jerry was wrong. It took two years, not three. And when we had the same thing not too long ago where what's his face with the great Bolivarian revolution -- Chavez -- Hugo Chavez started all this. I said, "Oh my God, here we go again." And I told everybody, "Watch, he's going to take them right into bankruptcy. He's going to blow it all on grandiose schemes. He's going to buy off the masses with bread and circuses. And suddenly they're going to be out of money, inflation's going to go out of sight, and he's going to look for the U.S. as his scapegoat." I said, "I've been here before, I saw the movie." And sure enough, here we are again. It's playing out *exactly* as it's played out. This is at least the third time in my memory. That's my grace note on Venezuela.

Q: Today is the 12th of May, we're returning to our conversation with Bob Stern. Bob, we're working on your duties when you were in the Office of Regional Economic Policy in the Inter-American Affairs Bureau. I was noticing in that in 1976 Kissinger traveled to Brazil and Chile, Chile for the OAS General Assembly Meeting. Did those events impact on your office?

STERN: Very much. Very much. Kissinger -- excuse me -- there were two issues that were of great concern. One was trans-national enterprises and the other was energy affairs. Venezuela, as you may know, was the founder of OPEC (Organization of the Petroleum Exporting Countries). Not the Arab countries. So Venezuela and Peru had a big stake in OPEC and a little anti-Americanism in there as well. They were playing the petroleum game for all it was worth trying to buy friends and push socialism, it was obviously a problem for the United States. At the same time, the Mexicans were pushing a New Economic Order, NEO, in the United Nations, and it was built around reigning in trans-national corporations through trans-national enterprises. So it was obvious that when Kissinger got to the major

meetings of the OAS, these were going to be two of the most critical and important topics he had to take up. Well, as we were the regional economic shop we were given the task of doing the initial drafts. I want to stress the word "initial" because these things went through so many layers that while we may have been the first to put our hands to it, we were by far not the last. And I'm not sure how much of what we originally started with remained when it came to the end, but at least we were the first to do the research as to what is a trans-national enterprise? What are they doing? How bad is it? How egregious is it? What is reasonable for us to propose because foreign investment's important to the United States? A lot of this was in raw materials, you know, copper and oil and more. How do we continue to retain the access to it and at the same time placate the countries when in fact we knew the corporations were shafting them pretty good? So they had a real issue on the table -- and they had the facts on their side. So what is a happy medium? So there's where we began trying to figure that out, and also trying to draft a hemispheric energy policy, which was wild because of course we weren't exporting any crude at that time, oil of any kind. We were the world's major importer. But trying to see to it that everybody got a reasonable share. I think what many people may not realize is that when the price of oil skyrocketed the way it did, as bad as it was for countries like ours it was far, far worse for the third world. Because suddenly all of their development budget was gone just to pay for basic fuel. So projects, programs that had been in the works or planned, a lot of it came to a screeching halt. Because all of a sudden these governments were broke, just trying to get enough fuel in to keep the basic electrical plants running, fuel for vehicles and so on. So the damage that was being done was amazing. Venezuela very kindly said that it would make sure that everybody had all the oil it wanted, but of course at market price. And Venezuelan oil is not always suited for what other people want. It tends to be heavy oil. And in developing countries heavy oil is not as important as the lights, which are like gasoline, diesel, kerosene, which are more important products. So --

Q: Isn't -- let me interrupt you -- isn't the issue there the refineries? Because the crude goes into the refinery, and the product comes out?

STERN: Well no, it's not that simple. You're right basically, yes, you would do that. But the refineries are designed to handle specific crudes, so for example virtually all Venezuelan crude goes to Curacao and Aruba where the refineries there are designed specifically to handle Venezuela crude, which is heavy and sour, has sulfur in it. So you have a refinery designed to handle this kind of crude, which will then in turn yield products in various proportions. When you take a very light crude, like Saudi Arabian crude or Brent, or Texas Light, when you fractionate that through the refinery process, you get a high proportion of light products, gasoline, kerosene, diesel, aromatics, plastic. When you take a heavy crude like that coming out of the tar sands in Canada, or the Orinoco in Venezuela, you get a little of the lights but you get a hell of a lot of what we call Bunker C, which is fuel oil for heavy industry and heating. Drive ships with it. But if you're a developing country your need for Bunker C is about zip. I mean it's disproportionately used by industrial nations, which is one of the reasons that we are by Venezuela's major customer. So with all the posturing and bombast, and whatnot, the reality is they *need* us. Because nobody else really wants that heavy product. We do, we need it, it's good for us. So the idea of the hemispheric energy policy was to try and find a way for the smaller countries, the Honduras, you know, the Chiles, the Paraguays, and so on, to have enough petroleum products to meet their needs and still leave some money for development. How do we see some sort of fair program, that OK, you've got to buy this stuff, you've got to pay for it, but it should not take food out of the mouths of people, it should not stop your development cold. And this was a very difficult,

very complex thing because obviously it involved OPEC and non-OPEC producers. We were only really beginning this when I left to go to Hong Kong. So I'm not sure what they churned out. I didn't get as involved in that as I did in the trans-national enterprises effort. And possibly that's one of the reasons; I was so deep in the TNE (trans-national enterprise) thing that I only had a glancing blow at the other, and then of course have my tour of duty was up and off I went.

Q: Now, when you're talking about the transnational enterprise issue, how -- I mean is there a business part to your research or *how are you approaching it?*

STERN: Well, let's say that there's a copper mine in Country A, and an American company is mining it. Where do you show your profits and where do you show your costs? Well, you show a lot of cost at taking the ore out of the ground. You may or may not be refining it there, and again, that's a real cost. But then you put it on ships that you own. So what are you charging to carry it? That's also costs. And what you're doing is you're constantly shifting so that where the final profit comes out it's under another flag, Panama, Liberia, wherever. And the taxes there are of course insignificant compared to what the taxes would be in Country A or the U.S. And there's still some of that crap going on now. But it was very clear that the major mining and extraction, mineral extraction companies were screwing these people right and left, I mean it was -- we were appalled when we saw what was going on. I mean it was so painfully a rip-off that they had every right to scream. And trying -- how do we do this now? We have huge investments there. We don't want to just see them expropriated, nationalized. We can't as a government turn to American Company A and say, "You will pay so much taxes to the other country." We don't have that kind of power. So what do we do? How do we set up or suggest regulations or laws for our Congress or our other Cabinet positions to set up regulations so as to shift some of the profits back. And again, I left before we finished with it. So I was in -- at the beginning -- as you know, this happens so often in the Foreign Service. You come into a project somewhere, the beginning, maybe the middle, and if you're lucky sometimes at the end. But you don't always see everything finished. You may have put in a couple of years worth of work, and the next guy may put another couple years of work in before it's finally done. So these two were -- I put a lot of effort into, but I left before I would say even the midpoint, still pretty early days when I left.

Q: You were saying earlier, sometimes a Foreign Service tour is just being at the right place at the right time, when the riots start or the issue comes to a fruition.

STERN: Yeah, exactly. Well, as I mentioned earlier in our talks, I happened to be studying a couple of Asian subjects at the University of Santo Tomas. Not because I thought it was going to be a hot place, but because I was interested in learning more about Asia. I thought I was going to spend my career there. And all of a sudden with all the student stuff going on, I was in the middle of it. So I became *de facto*, the guy who was doing all the reporting on the students. And you know, to give me credit of saying wow, that Stern is smart, he planned that -- no. I said, "Who me? OK." And I was there! So I took advantage of it. But not as if I had looked ahead and said, "Ah-ha! I know where I want to be." And I think there's an awful lot of that in our business. And if you are a good generalist, that's meat and drink, because you see an opportunity and you jump on it. But you don't necessarily plan that there's going to be an opportunity. It happens.

I mean when I left the Office of Economic Policy -- I should say as I was preparing to leave -

- my next assignment was Chief of the Economic Section in Budapest. And I was going to get 11 months of Hungarian training. Needless to say, that didn't happen. Needs of the service prevailed and the guy who was the chief of the Commercial Section in Hong Kong, two grades senior to me, had some major problems. And he was *yanked*. And this was now in June, which was the end of the transfer cycle. So you know, everybody who needed a job had a job. They needed a body for Hong Kong immediately. And they looked around and they said, "Well, here's this guy we're about to put into language school for 11 months. *Nah."* Boom. "We'll extend the guy in Budapest for another year, Stern can go to Hong Kong," which is what happened. And I was there when Mao died, which of course was a very significant event.

Q: When who died?

STERN: This is '77, when Mao died. And that changed everything.

Q: Oh Mao, yes, yes, yes.

STERN: You know, so things happen to you and you try as best you can to say oh great *(laughs)*, now what do I do with this? We only spent two years in Hong Kong. My wife was very seriously ill there. She's asthmatic and the pollution there was so terrible. Eucalyptus trees for someone who's an asthmatic, are apparently very bad. So they had her on steroids and when the regional medical officer came in from Bangkok I discussed it with her and she said, "No, I don't want her on long term steroids. We don't know what that does to somebody and we don't recommend it, so I'm going to recommend a medical curtailment." So we came out of there after two years rather than three.

Q: Mm-hmm.

STERN: Now once again, they said, "No problem Bob, we've got a great job for you. You're going to be deputy principal officer in Toronto." And I was delighted. I mean Toronto is of course the economic-commercial center for Canada. Lot going on. The consulate general in Toronto is bigger than the embassy in Ottawa. And I was going to be, you know, number two. And I'd just made -- just gotten promoted to old FSO-4 grade, present FSO-2. And this was a plum job, I was absolutely elated. And my wife even went to the market and bought all kinds of winter clothes for our kids. And then suddenly the cable comes in saying that Congress has made the decision to shift the Commercial Section to the Department of Commerce and Commerce has said that they don't want a Foreign Service officer in that job, they have an officer for it. So my assignment to Canada was busted. And I ended up being transferred back to Washington to the Philippine desk.

Q: Well, let's go through Hong Kong first. What was your position?

STERN: I was chief of the Commercial Section, deputy chief of the Economic Section, and regional commercial officer for Southeast Asia.. Titles galore, no money.

Q: (laughs) And what duties went with those titles?

STERN: OK. I had one other officer and a dozen Foreign Service Nationals in the Commercial Section. Hong Kong has only one function in the world, and that's business. So I

dealt with all of the major manufacturers, department stores, the banks, trying to push and sell American goods. I was a super salesman for anything made in the U.S., which sometimes became a real issue because I worked very hard. There was a hotel project coming up where they'd be building two major hotels. And I lobbied like a dog to get Otis elevator in. And Otis was in there, you know, and I was working with them to help them make contacts. Because this would be a very, very large contract. Well, guess what? Otis got the contract and sourced the elevators from its factory in Brazil. Which thoroughly, thoroughly pissed me off. I mean why am I, you know, why have I put in all this time, all this effort, when essentially Brazil is going to take the bulk of the profit? The amount of value to the U.S. is going to be minimal. The Brazilians should have been paying my salary, or at least giving me a commission. And this was a major problem in commercial work in that you'd have a nominally American company and you'd work hard on their behalf. And then when the contract came, you never knew where it was going to be sourced from and you suddenly discovered you were working for a third country. Obviously this was not unique to me. This is a problem that commercial officers face worldwide. But it was the first time that I had been involved, at that level. So it struck me.

Q: One of the things that struck me about this was that often you'll be in a situation where there's more than one American company trying to get a contract, as opposed to the single French company or the single British company and so their Ambassadors, their staff can go in very heavy. But the American ambassador has to speak in favor of three American companies and what --

STERN: Yeah.

Q: That happens?

STERN: That definitely happens. It happened particularly in aviation because in those days you still had three American manufacturers of commercial aircraft, Lockheed, Douglas, McDonnell Douglas later, and Boeing. And of course you now had Airbus. Although back then -- gosh, it's hard to remember exactly when this happened -- but you had British aircraft as well. So it was trying to push who you want to push for, and so on and so on. And it became difficult because my job wasn't to choose between American companies. So what we tried to do instead was to say look, you know, the American aircraft is the gold standard. And it was. I mean if you remember back in the '70s you were an international airport, that's all you ever saw, 707s, DC8s, you know, L-1011s and so on. Very rarely saw anything else. Couple of small airplanes from the French, couple of small airplanes from the British, but it was 95% American. But had to be very careful not to say -- and you're very prescient in noticing this -- pick Boeing over Douglas or over Lockheed. You couldn't do that. Had to be very careful. It was even worse though because of the engine manufacturers. Because let's say you build a 747. Or you're the buyer. You're free to designate which engines you want in it. Do you want GE? Do you want Pratt and Whitney? Do you want Rolls Royce? Do you want Snecma? Naturally the British and most of the commonwealth countries choose Rolls Royce. So -- and many American-built airplanes have Rolls Royce engines in them. On the other hand, a lot of Airbus aircraft have American engines in them. So it became an interesting thing there where you would try to argue not specifically for a given engine, but to say look, commonality is critical. The more different engines you have in your fleet, the higher your maintenance costs go, the higher your inventory costs go, and the higher your training costs are. Because if you decide on a family of engines, it's much easier to train your

mechanics and up to 60/65% of the spares will fit the whole range of engines. So the amount of stock you have to have drops considerably, and you only have to have specifics for a few engines and then you got the common pot for all of them. So you learn all about that sort of stuff to go in there and try to pitch.

Q: And that affects your tools and everything else that you buy.

STERN: Exactly, exactly. Although by this time we had gone metric. I mean all of our manufactures were metric. So that was not an issue. I mean Boeing and General Electric and Pratt and Whitney went metric a long time ago. So that wasn't the problem.

It was also trying to understand why some goods sold better than others. For example, during the Carter administration the American Shoe Manufacturers Association was putting on a big push and was pressuring the government that we, people overseas, should push American shoes. We're getting our asses beaten by the Brazilians and the Italians. So I get a message in from Washington asking that the consulate undertake a study and determine why even though in many cases our prices were as good or better, we weren't getting any of the business. I had pretty good relations with the major department stores there, and I sat down with their buyers and I said, "OK guys, you know, I walk through your shoe department. I notice you've got some men's Florsheims. Women, you got nothing. Children you got nothing. Men, just the Florsheims." I said, "Why?"

They said, "It's very simple. Men's shoes don't change much. Men buy wingtips, they buy loafers, essentially men are not especially style conscious when it comes to shoes. They don't care what the season is. They don't worry about outfit they're wearing. You know, they wear either black or brown, and that's it. So we can order a shoe from Florsheim, which is a quality shoe, and not worry. It'll come, it'll be delivered, and everything else, and it'll sell. Women's' shoe are 90% of the market, because women are very fashion conscious. There's always a new fashion that comes in each season, colors, whatnot. American manufacturers don't give a damn about the foreign market. They produce for the domestic market, and what's left over they'll ship foreign. Which means in Hong Kong we need very small, very wide sizes for women, because so many of the women grow up wearing shoes without arches, just the thong types. So they have short feet. They're a small people. And they're wide people. So you're looking at sizes three, four, and five triple E. Well, the Brazilians and the Italians are willing to dedicate manufacturing lines for just that. American companies aren't." He says, "We tried to order from them. We can never depend on a quick shipment and we can never depend on getting the sizes." He says, "You're a terrible supplier." He says, "And you lose by default." Hm.

Well, I went to several other buyers and they all said the same thing, "Be more than happy to buy the American shoes, quality is good, price is good, but you're not meeting the market." Well, we wrote a paper that was not well received in Washington, but apparently my colleagues in other places around the world wrote the identical paper, so they were forced to face the fact that we weren't going to sell shoes. Well, we were trying to find out what can we sell. Well, what's amazing is that we discovered that white goods, sheets, towels, pillowcases, are *dynamite*. Absolute dynamite. Because most countries only produce sheets in white. We produce patterns and colors and all kinds of stuff. For once we're the ones with the enormous variety. And because we have so much of the basic materials like cotton and wool, it's domestic, our costs are very reasonable. So we were able to convince a number of the

major department stores to hold *America Weeks* in which they would feature all these white goods. You know, towels by Cannon and, you know, sheets by -- I don't remember all the names of the companies. And they sold out like crazy! They couldn't keep it in stock. Which meant of course that we didn't have to worry about *America Weeks* anymore. They were ordering and reordering, because they discovered this was one hell of a profit and people love this stuff. So here you think of the U.S. as this big industrial giant, and one of the biggest and best products we were selling were hand towels. And of course I would never have thought that, it never would have occurred to me, until I went and sat down and said, "Why aren't you buying? What do you want to buy?"

And I held what they call the American Fortnight, and this was an all-out blitz for every department store and a lot of the other retail issues. We were going to push American products, we were going to have American everything. I had the U.S. Air Force Band from Clark Air Base in the Philippines come, and for two weeks they gave free concerts all over the colony, old age homes, orphanages, you name it, and McDonalds was giving the food and I got a hotel to give us rooms. So this was all done without any Washington money-- and the Air Force didn't charge us anything. So we're doing this on nickels and dimes. And the American Chamber of Commerce is kicking in and we held a big ball. And Connie Francis and Miss United States were brought in by Revlon. And we made a lot of money and we also introduced a hell of a lot of American products, and you know, lot of razzmatazz and whatnot.

Q: so the commercial officer overseas, first thing is market research, and second thing is you suggest things that American companies should be bringing in.

STERN: Well, before, even before market research contacts, you must develop relationships with the people who are in a position to make the decisions. And you want to court them, you want to reach these people and get a relationship going with them so that while you're doing the research you'll have a certain amount of receptivity so that you can go in, otherwise you'll be making cold calls. Now, in a place like Hong Kong I had a couple of advantages in that a great many of the younger people had all gone to college in the United States. So they were maybe the number two or number three guy at the company, you know, Dad was still at the helm. But they were the vice presidents and the heirs apparent. And they were all guys who'd gone to UCLA and Stanford and whatnot, very Americanized, very receptive. And they were roughly around my age. So I could develop a genuine personal relationship. You know, you literally became friends. Some of our best friends there were Chinese who had spent years in the states studying and whatnot. They missed it. And you know, we'd have 'em over to the house for basically an American dinner. And these were incredibly wealthy people who used to take us out on their yachts. I mean I didn't have a canoe. But they appreciated the idea of just hamburgers. You know, let's do something American. So the major retailers like the Wing-On department stores would be kind of like Macy's and Nordstrom. Well, the Quok family owned that and John Quok and his wife became very good friends of ours. I learned a great deal from them about the retail business of Hong Kong, what you do and why you do it, and what you don't do and why you don't do it. And you show the flag and all those things. Plus, you're working on huge number of inquiries that come from the States in people interested in doing business. We produced -- let's backtrack a little bit -- there was a big USIA printing plant in the Philippines. It prints all of the U.S. magazines document, fliers, you name it, for the region, mostly USIA inspired. But they also put out a monthly commercial magazine, for which the Department of Congress sends them material.

The problem is it was in English. Every month we'd get several hundred sets of it and we'd send 'em all over it and get very little response. And I asked some of my contacts why. And they said, "Well, a lot of the people you want to reach don't speak English, you know?" Said ah-ha.

Well, as I mentioned to you, I think, I'd been in the printing and paper business before I joined the Foreign Service. So I thought I saw an opportunity here. I got permission to do a TDY (temporary duty) in Manila to talk to the printing plant people. I asked them if I produced a four-page or an eight-page tip in -- essentially what a tip in means it fits into the spine of the book, it just has to be stapled in there -- in the local language, could they print it and do it? And they said yes, no big deal. OK. So I then made the rounds through Jakarta, Bangkok, Singapore, Taipei, because I was regional commercial officer. And I said, "This is the plan." And they all said yeah, that's a good idea, we can do that. And I had instructions from the people in Manila, the printing specialists, of how it should be done. And each post would submit enough material for the tip ready for camera, once a month. So now instead of having one size fits all, you would have X thousand copies that went out to Jakarta, but in Indonesian, and so many went to Kuala Lumpur in Malaysian, and so many in the Philippines in Tagalog. I had mine in Cantonese. And for extremely modest additional costs, suddenly the magazine was a hit because people can read the damn thing. And you know, if I hadn't had a background in printing and paper, probably never would have occurred to me. But I'd had that six and a half years in that business before I came in the service, so I understood how you can do these various things. So again, kind of an accident was being in the right place, having a certain background, taking advantage of it. And of course I'd served in the Philippines so I knew all about the printing plant.

Q: Now, you're getting instructions from the Commerce Department in Washington?

STERN: I'm getting instructions from both State and Commerce, because the Commercial Section is an arm of the Economic Section. The economic chief is my boss, my direct boss. So I take in -- I do economic work as well, I do some of the normal things an economic officer does -- and of course I had a deputy, an American deputy, and I had a dozen Foreign Service Nationals. One of the important things that we did -- and there's a name for it which completely escapes me -- but let's say you're an American in Topeka, Kansas, and you have a chance to do business with Joe Blow in Kowloon, well you don't know who Joe Blow is, you don't know anything about him. What you want is somebody to check him out. Is he financially reputable? What is his reputation in the business community, so on and so on and so on. And there's a regular procedure for that, and Commerce does literally hundreds of thousands of those a year through the overseas posts. So I had two Foreign Service Nationals dedicated to just responding to these requests, and these contacts were with the banks and the Better Business Bureau and everything else, and they could pull up all this information so that we could go back to ABC company in Topeka, Kansas and say, "Yeah, this guy has an excellent local reputation, he's very reputable. Other foreign countries do business with him. And we would say yes, he's a good contact for an American company," and we step back. "You guys make your own deal." But we did a great deal of that. We ran a commercial library where people could come in and research and do things. We helped Chinese who wanted to understand how to do business in the U.S. So it was a very active section.

Q: Now, both State and Commerce probably have annual reports on various and sundry subjects that each post --

STERN: Oh, the CERPs.

Q: What's it called?

STERN: Remember the old famous CERP?

Q: Yes, CERP, C-E-R-P?

STERN: C-E-R-P.

Q: C-E-R-P.

STERN: Combined Economic Reporting Program -- something like that. Yeah. We didn't have as many in the Commercial Section as we did in the Econ Section, and a lot of it depends on where you are. Hong Kong has no natural resources, doesn't even have water, comes in in a pipeline from China. And the old joke, I could cut your water off? Yes, they could. But for example, when I was deputy economic counselor in Korea, I had to write the annual report on Korea's energy program, because they had nuclear plants. In the Philippines I wrote the one on tropical products. That was their big item. But we didn't have too many of those out of Hong Kong, because essentially it's an entrepôt. They manufacture for other companies -- or rather for other countries. I mean I -- God knows how many toy factories I've been to. Couldn't have Christmas without Hong Kong. And a lot of, you know, garment manufacture. But a lot of that my deputy wrote. You know, I'd finally reached the position as chief, I didn't have to do that anymore. I could be out there, trying to wheel and deal and he would write the CERPs. I did some, he did some as well, probably more than I did. And it was, was a very good job, but my family hated it there. It's a terrible place for a family with small children. Because there's no recreation. I mean if you're going as your GI on R&R there's plenty to do. But if you're a five-year-old, *no.* Everything is run on the British system of private clubs. So if you want to belong to a club and have a swimming pool and a tennis court and a playground for the kids, you were looking -- and this is 1976 when I was making $21,000 a year -- the initiation fee was 10,000 U.S. dollars and a three-year waiting list. Which meant even if I *had* $10,000, which I did not, the waiting list would kill me, my tour would be up before my name came up. So my children felt like they were prisoners in a gilded cage. We have this gorgeous apartment, everything else, there's nowhere to play. We'd have to be invited by people to their club, which happened a lot. But you know, I didn't enjoy that. I didn't enjoy feeling that my kids can only play on other people's sufferance. I don't like that feeling at all. I like to feel I'm an equal. If you were an adult, the nightlife was fantastic. I could be out seven nights a week to parties and dinners, no problem there. But for my children who were five and seven when we got there, it was abominable. Very bad school, zero entertainment and recreation, we were not in the least bit unhappy to leave early. Even though professionally it was a superb post. And professionally I did very well, I got a promotion, I was a fair-haired boy, but my family was *miserable.*

Q: Can we talk about who was the boss and how the consulate was set up?

STERN: OK, this got to be a little bit problematic. My boss was a guy by the name of Harry Voorhees. Very nice guy whom I liked a lot. His boss was the deputy principal officer, Roger Sullivan. Roger did not like Harry. Harry was suffering. He was getting older, he had

physical problems, he had cataract surgery and a few other things, and he was slowing down, which I appreciate more and more these days. But Roger took a liking to me and he used to bypass Harry and go directly to me, which put me in a terribly awkward position because Harry's my boss. He writes my reports.

So the minute I hang up on Roger, I'd go racing to Harry saying, "Harry, I just got this call. I want you to know, want you to be in the loop." And I felt like I was walking a tightrope between these two guys. They both liked me, I liked both of them, but they didn't like each other. Roger left first and he was replaced by Burt Levin. And by that time I'd been promoted *(laughs)* and Burt and Harry got along, so the pressure was off. And also we got a new consul general, so it was a different operation, a very good front office, very, good front office. If my kids had been a little happier I would have probably wanted to extend, because professionally it was so good.

Q: Let me ask you the seventh grade history question. Compare and contrast Chuck Cross, who was there in charge when you first arrived, with Tom Shoesmith.

STERN: No comparison. Tom Shoesmith head and shoulders above him.

Q: He had --

STERN: Head and shoulders above Chuck Cross. Chuck was son of missionaries, World War II marine, lot of background in Asia, spoke Chinese, was always walking around with these little flashcards, remembering the characters, the ideograms. But he was also a short guy, 5'6. When I would go into his office he would always be seated and have me standing, because I'm 6'3. And he was very conscious of this sort of thing. And I never called him Chuck, it was always Mr. Cross. Whereas with Tom it was Tom. And Chuck had a little bit of a chip on his shoulder and I mean it didn't affect me because it was his deputy that wrote the review statement on my reports, not him. But I was careful around him because I knew there were issues, he was prickly.

And Tom Shoesmith was a wonderful guy. I mean smart as hell. You knew immediately that this was a guy who knew what was going on, and he had his fingers on the pulse of the consulate. You knew who the consul general was. But he was also very, very relaxed in his manner. He listened. He would make the decision, but first he'd listen. And I think that morale improved significantly when he took over. I had a great deal of respect for him.

Q: When you first got there -- let's see -- oh, Scott Halford was head of the Econ Section.

STERN: Yeah.

Q: What's the relationship between the Econ Section and the Commercial Section?

STERN: Well, Scott actually was Political Section. The people in the Econ Section when I got there were Harry and Bruce --

Q: Hirshorn

STERN: Hirshorn. Scott was Political Section. Along with two of my other, two of my

classmates.

Q: Who was that?

STERN: Gene Martin and Dennis Harter.

Q: This doesn't show it deep enough.

STERN: It was a bifurcated post in that a significant portion of our responsibilities were Hong Kong and the new territories. But we were also China watchers. Now, I wasn't, but Scott Halford, for example, was a China watcher. Dennis Harter was a China watcher. This is before we had opened up very much at all in China. This is still under Mao. And if you were a China watcher the only three places you could serve were Hong Kong, Beijing and Taipei. But it's not like today where we've got consulates all over the place. So the Political Section spent probably three-quarters or more of its time China watching than it did paying any attention to what was going on domestically in Hong Kong or Macau which was also under my nominal wing . So that made it kind of an odd post. Theoretically we were accredited to the Court of Saint James and London was our mother. In reality, we didn't report to anybody but Washington. But the fiction was that this was a British colony and therefore we come under the embassy in London. Odd, odd place.

Q: You're in Hong Kong just at the transition to the Carter administration. First, I suppose that Hong Kong is a great target for visiting congressmen and --

STERN: Oh my, yes.

Q: Tell us about your congressional escort responsibilities.

STERN: Well, we all had those, and we had the governors as well from various states. I think the funniest one was when the head of the union of the International Ladies' Garment Workers Union, the ILGWU came out. And I came out as his escort officer. And he had a lot of unhappiness about all of the jobs that had left the United States in the garment industry for Hong Kong. And he came there with a definite and understandable chip on his shoulder. And I was taking him around, introducing him, and showing him these things, and he took an immediate dislike to me. As far as he was concerned, I was another one of these effete, Foreign Service types who didn't have a clue what it was like to be a union man or anything else. And I'm biting my tongue a lot and finally I got pissed off at him and I said, "Look," I said, "I've been a good guy, I've been quiet." I said, "My father's a member of local 66 of your union. I grew up in an ILGWU household. I went to the public schools in New York City. Don't give me any of this crap about 12 last names out of Harvard." I said, "I know damn well what it's like to be blue collar, and I know damn well how important the union is. But I also know reality." He was dumbfounded. One of the stranger incidents.

He said, "Your father's in local 66?"

I said, "Look it up." Which he did. "My dad worked in the garment industry his entire life."

But I had -- governors would lead trade missions out, naturally Econ and Commercial

Section. We'd get them. It depended on who came out and what they were looking for. You had some people who came out and their concern was what was going to happen in 1997 when China would take over. That would be more for the political group. I wouldn't get as involved in that. That wasn't my bailiwick. In country team, I'd hear what was going on, but I never had any direct involvement in it. I was just an observer. So it so much depended on why they were in Hong Kong. If it was business then it came to me. The Governor of Mississippi came in with a trade mission and I got stuck with him. And the particular Saturday that I had to be with him was the Marine Ball. My wife was at the beauty parlor, she couldn't be there with me. But the chairman of Hong Kong-Shanghai Bank invited us to the racetrack that day. So as his escort officer, I went. And I tried to get rid of him as quickly as I could, so I'd get home, get dressed, and go to the Marine Ball, which he was not invited to. But that wasn't up to me. So yeah, I did a lot of that. I mean a lot of handholding. Comes with the job.

Q: My impression is with the change in our relationship with the mainland in '72 Taiwan began a policy of going to the States and inviting governors and trade missions and whatnot. So were you getting the flow from that, or?

STERN: No, no, no I wasn't. The people who went to Taiwan went to Taiwan. The people who came to Hong Kong came to Hong Kong. They didn't make multiple stops. Also the Department of Commerce had a trade center in Taipei where they put on trade shows. So a lot of these people that went to Taiwan went there for the trade fairs. We didn't have that.

Q: Why didn't you have trade fairs?

STERN: Well, the market wasn't there. I mean Taiwan may be small, but it's a country and there are millions of people. Hong Kong is just a tiny little rock and the new territories, and the overwhelming majority of the people who live there are peasants, very poor people. So you don't have a domestic market that you're going to tap the same way the way you have a middle class that runs into substantial numbers. I mean we did have a couple of shows during the period I was there, but they were highly specialized. Nothing of the size to justify having a trade center where they actively put on three or four major shows a year and they had a trade show director and everything else. Sometimes they would ask me to help, you know, beat the bushes to get people in Hong Kong to participate in those, but they were very definitely in charge.

Q: For its part, USIA would have had shows and they've got a library. Did you ever work with them on any issues?

STERN: Well, USIA had of course a library and such. I did not have too much direct contact with them, except in one odd case, which actually was very important to me. At the time, USIA had a program of classic American films. And once a month they would bring a classic American movie over into Hong Kong, and you could use it for representational purposes. So they brought King Kong, the original one, over. And I reserved the USIS auditorium and I invited all the children of all my contacts and we supplied popcorn and Cokes. And of course all the parents hung around to watch King Kong. Huge success. Made points like crazy. Then, our budget for representation was, as I'm sure you remember, never very great. People were taking my wife and I out to the most expensive places there were, and some of them were very, very expensive. My family would be taken out on a Sunday on a three-deck yacht

for the day, you know, where they served high tea and there are speedboats, come back through the harbor with a white-glove dinner at night, the whole bit. And I didn't have a canoe. So what we did, thanks to USIS, is once a month we'd have movie night at the Sterns. And my wife and our maid would do all the cooking; a turkey, sometimes meatballs and spaghetti, American food. We'd invite about 30 or 40 people, young Chinese and their wives, some Brits, some Americans and whatnot, and we'd tell 'em, "You come in jeans because you're going to be sitting on the floor." We all use trays. And they come in and we serve hors d'oeuvres and drinks and shoot the breeze for a while. Then everybody sits down and the lights go off and we'd run two reels of the movie. Lights come up, the buffet table is set up for dinner. Everybody goes up, gets their tray, gets their dinner, comes and sits down back on the floor, shoots the breeze for a while, lights go back out, next two reels. Lights come back up, buffet is cleared, all the desserts are out. And everybody goes and has dessert, talks for a while, and goes home. I could do that for about four bucks a head. If I took 'em to a restaurant I'd blow my *year* in one day. So thanks to USIS having the movies which are the hook, and my wife being willing to do the work, we had a way for me to reciprocate in an American way, because there was no way I could compete. I mean I just, there was just no way, they took me to these incredible places and all these -- you couldn't. But at the same time, you know, you don't always want to feel beholden. And this was unique. This was very American. And as I said earlier, a great number of 'em went to school in the States. A great number of the events in Hong Kong, like so many places in Asia, are stag. Here was a place they could bring their American educated wife. They loved it. It turned out to be a much, much bigger hit than we ever thought it would be. I had people who owned theaters calling me to ask, "When are you having another movie?" Because for them, in a society where everything has a place, and you know your place in it, you dress accordingly, and there's a certain amount of stratification and formality, to sit on the floor in your jeans with a Coke and a hamburger and some meatballs and spaghetti, it was like being back on campus. And I hadn't realized until after the first one just how much that meant to them, that I was giving them back something from their youth that they treasured. So we did that every single month. Every time a new film came in, OK, it's dinnertime.

Q: One of your important duties probably with priority is liaison and working with the American Chamber of Commerce.

STERN: Yes. Worked very closely with them. If it weren't for them we'd never been able to put on the American Fortnight. As I mentioned Revlon, for example, brought in both Miss United States and Connie Francis, and we put on this big ball at the Hilton. But yeah, they contributed a lot to these affairs, they helped a lot. I was on the board as the government representative. I met regularly with them. It was interesting in that so many of the people in the Chamber of Commerce were not actually Americans. If you recall, this is the time when unfortunately they decided that for American citizens working abroad we were going to cut the tax benefits. You no longer could write off -- or the company could no longer write off your apartment or anything else. That was now considered income and you had to pay taxes on it. So it became cheaper to hire a third country national than have an American. This is another one of the major pieces of stupidity of the Carter administration. I may be a Democrat, but I think Carter was an idiot. But so we saw more and more Americans leaving positions of heading up affiliates and their place being taken by a Brit or an Australian or a Canadian or an Indian. And that hurt us very badly because it meant that they would source from the foreign subsidiary quicker than from the U.S. parent company. So it was a dumb move, it worked against us. And a lot of the people in the chamber were -- who represented

American companies were not themselves Americans. So that also created all kinds of funny relationships in the sense that you had to worry about how much information you would give them because where did their loyalties lie? Were they going to call the Indian embassy and say, "Hey, there's a great deal here?" So that was an issue just beginning when I was there, because I came in then.

Q: But in general AmCham saw the consulate as a helpmate?

STERN: Oh yeah, we had good relations, very, very good relations with them. I had started working with the AmChams back when I was in the Philippines and found them always to be great sources and good contacts, learned a lot from them. They had people -- now again, Hong Kong, we're talking about a very circumscribed geographic area whereas in other countries the Chamber will have people all over the place, affiliates, whatnot. And often they could give you information that you otherwise wouldn't get. I mean, for example, one of the ways I could tell how the economy of a given section of the Philippines was doing not by reading government reports, but looking at Pfizer sales in given provinces because Pfizer manufactured syrups for soft drinks for Coca-Cola and for Fanta. And we could look at the demand in each province for soft drinks. And if you don't have any money one of the first things you can give up is Coke. You have to buy milk, you must buy shoes, but you don't have to buy Coke. So it was a tremendous barometer. We could say oh, Coke's having a problem down here, sugar's doing very well up here, because we could see where the sales were going of these particular luxury goods. Goods that nobody needed. So the Chamber helped us a lot. Also, again, not Hong Kong because of its unique geography, but Philippines are 7,000 islands and about maybe 10% inhabited, but if I wanted to go down to and visit, see what's going on, the Chamber often had contacts down there which they could help make introductions for me and I could meet people and show me around. So I could use them, as well as the Asian Development Bank as multipliers. So yeah, Chamber's always good.

Q: Now, you were saying your assignment to Hong Kong was a three-year assignment, which you cut short to two years. So how did the next assignment come up?

STERN: Well, as I said, I was supposed to go to Toronto and that got broken. And for a short period of time I was in limbo. They didn't know what to do with me because the assignment cycle was over. And then a cable came in in Washington saying the econ position on the Philippine desk had just opened, do you want it? And I got calls from my bosses saying take it, take it, take it! It's a good job. So I said sure, I want it. I knew the country, I knew I could do the job. I really didn't want to go back to Washington. I mean we were just climbing out of the financial hole and we could have used another overseas tour. But --

Q: Did you have a house in Washington?

STERN: Yes, we had a small house in Vienna, Virginia, which was rented out. And we were just climbing out of the hole, we were just trying to get even, junior officers are always out of pocket. And salaries back then were pretty low. So we had been hoping for another oversea tour, and Canada would have been perfect because it's like living in the States without rent *(laughs).* But not to be. So I ended up, my two-year assignment was extended; I did three years on the desk.

Q: Can you describe the job that you were assigned to then?

STERN: Well, I was the economic officer. Back then the country desks were larger than they are now. Now they tend to be combined into country directorates where you'll have three or four countries under a director. Then the Philippine desk had a director, a deputy director, an econ officer, and a consular officer. They actually had four officers just on the Philippines. And I did all the econ work. And a lot of that involved the banks in New York and Chicago because the Philippines would each year negotiate a jumbo loan. And Manufacturers Hanover tended to be the packager. So let's say for argument's sake they would be looking for 500 million dollars. Well, Manny Hanny would be the manager, would say OK, we'll get you the 500 million, and the price is LIBOR plus. Then Manny Hanny would sell the loan to other banks all around the U.S., particularly banks in small towns, small states. So 10 million would go to the First National Bank in Kentucky, five million would go in Tennessee, three million in Arkansas, and it'd be spread all over the place. And of the original 500 million Manny Hanny might keep 10 percent. But of course it got a management fee on top of the interest it was earning on the 50 million, and it got the management fee upfront. Continental in Illinois was also a big player; I worked with all the banks. And it was a very interesting assignment. And then I worked very closely as well with AID because human rights suddenly had come into the picture as you may recall under Carter. So the decision was made that unless the project was a basic humans need project, BHN, AID was not to do anything in the Philippines. And there was a committee -- deputy secretary chaired it: The Christopher Committee. Warren Christopher was deputy secretary of state. Well, the Christopher Committee made the final decision about whether or not a loan would be proper. So loan X would come up, and the Bureau of Human Rights would oppose it. AID was in favor of it. And I as the state representative would go up and argue the case in front of the Christopher Committee against the Human Rights Bureau. Which certainly created a lot of love between us. I worked on that a lot, so I got very involved in the back door sort of way with the development projects, and of course with the Asian Development Bank, and so on. And once a year they'd have the Paris Club meetings where all the creditor nations would hold a meeting and one by one the debtor nations would come in for a period of days and they'd be grilled and they'd have to submit reports. So I got to go to Paris once a year for a week as part of the U.S. delegation, which wasn't too shabby.

Q: Now, let's focus in on the Paris part. Who would be on that delegation, on the American delegation?

STERN: It was a senior guy from AID. And I'm sorry I forgot his name, very nice fellow. And several people from their Philippine desk and from their Asian, bureau. Be about six of us all told.

Q: Anybody from treasury?

STERN: Not on this one, no. Pretty sure no. I don't remember Treasury on this.

Q: Is OPIC?

STERN: Not --

Q: Overseas Private Investment Corporation.

STERN: -- on this. I mean I did work with OPIC. But not -- they weren't part of this delegation. I worked with them separately. As a matter of fact, I got to know one of the OPIC officers very well. And then she transferred, she got a job at the Asian Development Bank in Manila. And when I went out there on one of my desk officer trips I got together with her, had dinner. She didn't last very long there because her boss was an Indian who did not like women economists or Americans, so there was a lot of friction there.

Q: Well, was the economic view of the Philippines at this time?

STERN: Once again, my big mouth got me into trouble. When I got there I started reading in and all of the cables from the embassy were sunshine and glory. And having served in the country for four years and having just come from Hong Kong, which is next door, I read this and I said, "This is moonshine." So I started doing a little research using non-embassy materials and came to the conclusion that this was absolutely ridiculous. These were like propaganda handouts from the Philippine government. These are not embassy reports. So I wrote a memorandum to my boss, the country director, in which I laid all this stuff out. I thought this was going to be an internal thing between he and I. He sends it to the embassy. Ambassador Richard Murphy. Who goes ballistic when he sees it. And a letter comes back addressed to Bob Oakley, who was the deputy assistant secretary, the PDAS, really climbing all over me. You know, find out what Stern is smoking and make him stop it, da-da-da-da-da-da. You know, he's insulting a fine group of people. I could see my career flash before my eyes. So they called me up to the front office, handed me the thing from Murphy, and said well -- and one thing I knew about Bob Oakley, you don't back down with Bob Oakley. He expects you to stand up if you believe something. He doesn't respect you if you don't. And I said, "Truth is an absolute defense. I'm right, they're wrong." Erland Heginbotham was the DAS for economic affairs. Bob turns to Erland and he says, "What do you think?"

He says, "What I think we should do is bring together the guys from AID, the guys from the Asian Development Bank, the guys from Treasury, and the guys from EXIM. And we should sit down and we should put this in front of them and say, 'What do you guys think?'" And we did.

And they all said, "Well, of course, the embassy reporting is nonsense. We don't pay any attention to anything they say. You know, anybody with half a brain would have written what Bob wrote." You know, so I -- but the problem was the bases, the bases, the bases, the bases, the end all be all. Everything we did had to be flattering so we could keep the bases. I mean if God forbid we would lose either Subic or Clark the world would come to an end. And maybe -- the Pentagon was writing these incredible papers, how having Subic Bay was the equivalent of two additional aircraft carriers, and on and on and on. And of course Vietnam was still on. And so the embassy had become psychotic. It was making the Philippines look wonderful, we were kissing ass like crazy. It was keep the waves down because we want to keep the bases. And there was a small group within both EAP and in the embassy who were saying, "We keep this crap up we're going to lose everything, including the bases because Marcos one day is not going to be here and the people who replace him are going to remember what we did. We're throwing away all the good will that we have. And they're going to kick us out." And of course that's what happened. But we could not get the administration to listen, nor the subsequent administration. Because the Pentagon was so adamant that they absolutely had to have these things that everything else went by the wayside. So my initial relationship with the embassy was very poor, to say the least. Because

I had said that which is unsayable. But fortunately for me, Oakley and Heginbotham bailed me out and as far as the bureau was concerned I was the good guy.

Q: Who is the econ counselor in Manila at the time?

STERN: Oh, it was a real jerk. One of the nastiest, coldest people I'd ever met. Can't think of his name at the moment. But when I went there on my desk officer visit he wouldn't even see me. I mean the most junior officer in the Econ Section was my control officer, an FSO-7. I was treated like a pariah. .

Q: How about the dynamics within the Philippine desk itself? I think John Monjo was the director.

First was John Monjo, then Frasier Meade. I got along very well with both of them. I thought they were both excellent officers. Very sharp, knew what they were doing, had a great understanding of the country, good relationships with the embassy, the Philippine embassy that is, and they ran a good shop. I liked both of them very much.

Q: Any difference in management style between the two?

STERN: not significant. I mean minor. I mean they're individuals and certainly the individuality would show up. But when you're working for bright people who know what they're talking about, these little things don't really mean much. So I thought Monjo and Meade were both excellent. Great respect for them.

Q: Now, when you're in Washington you're actually coordinating the Washington side of policy issues, and that means, as you were saying, not only the State Department but Defense and Treasury.

STERN: Well, remember, I'm the econ guy. I'm doing the econ and AID. Treasury tended to work through the regional economic shop and through Heginbotham. So I didn't get very involved with them. I did get involved with ADB, with World Bank, with OPIC, with IMF. And as I say, I worked with the Christopher Committee regularly.

Q: Now, the Christopher Committee, this is when what's her name was head of the Human Rights Bureau, Patt Derian.

STERN: Patt Derian, yeah. The enemy.

Q: Yeah, trying to build that up by pulling everything down.

STERN: Well, it was, it was a real problem because how do you justify any AID project other than what's going to help people, which is the definition of basic human needs. I mean you're building farm to market roads. You're doing rural electrification. Now, of course the money is fungible, so if we put money into that then Marcos has money to put into military elsewhere. So if you want to you can certainly say that anything we do allows Marcos to do things we don't want him to do. And that is a valid argument. But at the same time you're also saying that there's never going to be a project to help the people because he's going to do it anyway. So we were caught, again, how do you justify? And it got to be interesting.

Q: How interesting?

STERN: Well, you know, again, as I say, there I was, a lousy FSO-4 desk officer. But whoever had that seat was the person who had to go and argue this stuff. So it was a very enjoyable assignment. I liked it because I liked the people I worked with, I liked the people I worked for, I liked the work itself. I did a great deal of contact work, as I say, with the banks and others. I was up in New York fairly often. Manny Hanny even offered me a job.

Q: This was the time in 1980 when the new Foreign Service Act was passed too.

STERN: Well, I was very deeply involved in that. I was on the governing board of AFSA.

Q: Oh. Ah-ha.

STERN: For three years.

Q: From when to when?

STERN: From, let's see, '79, '80, '81 I think.

Q: Now, AFSA is the American Foreign Service Association, it's the labor union and the professional society for Foreign Service officers. It's an elected position, you were --

STERN: I was a state representative.

Q: State representative. Who was the president at that time?

STERN: Lars Hydle was president. And after him remember the real nut who got to be president of AFSA? We ended up getting him impeached?

Q: Oh yeah.

STERN: John Hemenway.

Q: Hemenway, yes.

STERN: Well, I was part of the impeachment group and he tried to hold my promotion up.

Q: Well, let's start at the start of the Hemenway issue. He was --

STERN: John Hemenway was a former Foreign Service officer who had been selected out for cause. He was an extremely argumentative person who just was unable to compromise, period. It was his way or no way. And it had reached the point -- now I was never involved -- this is all what I learned later. But it'd gotten so bad that his refusal to do things, and his insistence on doing what he wanted, had gotten so bad that they threw him out. But he was eligible to run for office, because he kept his membership in AFSA. And there was enough disgruntlement at the time because of a lot of the things that were going on with lousy wages, poor promotion. A lot of people were very unhappy and he rode that to victory.

Q: Well, that was the whole basis for writing the 1980 law. A lot of the guys coming out of Vietnam --

STERN: Well no, no, that's not right. In 1978, the Congress wrote a new Civil Service law and at that time wanted to lump the Foreign Service in with it, and we managed to forestall that. But they said, "But you still have to have your act modernized. You're still going by the Rogers Act of what, 1948, thereabouts. So there's going to be a new Foreign Service Act, period," the Congress sayeth. So AFSA went up to management and said, "Look, we need to be involved in this." And management said no. This is between the administration and the Congress. It has nothing to do with the labor union, because this is a law. This is not a question of regulations or anything else. You don't have any standing."

So we all went out and discussed it with our lawyers and we went back to them. We said, "Look, we understand what you're saying and legally you're right. Not arguing. However, we are going to testify. Now, we can testify where we're all on the same side, as a united front, or we can go up as a house divided and we know there are people in the Congress that hate us and would love to exploit our differences. Wouldn't it be better if we worked together informally?" And they said yes. So starting from then we began meeting with them at nights and on weekends.

Q: Now, by this time you're an officer of AFSA?

STERN: One of many. Guys like Joe McBride -- you know Joe? He was very, very active in this. Thea DeRuville. Ken Bleakley. Anyway, we would meet evenings and weekends. I mean I gave up my evenings, my weekends, my, my annual leave for two years.

Q: Who were you meeting with?

STERN: We're meeting with people in M, the deputy undersecretary for management and all of his people. And we're working with the committee staffers in Congress and the Senate. And the initial draft was horrible. It would have turned us into the Civil Service. Would have taken away all the things that made the Foreign Service different. And I remember testifying for the committee and saying -- I said the first thing I -- they said, "Why can't you be part of the Civil Service, you know, agricultural services."

I said, "Well," I said, "the difference is we are worldwide available and we are a disciplined service like the military." I said, "I can go back to my office today and find a message telling me that I'm leaving for Bujumbura. And I have two choices: pack or resign. You can't do that in the Civil Service. You can't make anybody go anywhere he doesn't want to go." I said, "And one of the most fundamental difference between the Foreign Service and Civil Service is we'll go anywhere, yes sir, because we are a disciplined service, just as you would expect a soldier, you know, pack up his kit bag and off he goes, that's us. We're just not uniformed." I said, "To think of us as Civil Service," I said, "is a mistake." And they bought it. And you know, other people testified as well. I mean I wasn't the only one up there.

Q: You actually were -- actually testified.

STERN: Yes, yes. Hydle turned to me when that subject came up and he said, "Mr. Stern,

answer that." He knew I was primed.

Q: (laughs)

STERN: And so we worked on the Act. We didn't get everything, by any means, but we got a fair amount. We made it a lot better than it was. And then we managed also -- and this was the real coup -- because by now Reagan was in and he had just fired all the air traffic controllers. And we wanted a raise. And we knew if we went in there as a union asking for a raise we would have been in trouble. So instead, we went and we said, "Look, the law says equal pay for equal work. That's all we're asking for. Over the years there has been tremendous grade creep in the Civil Service. And if you look at the responsibilities of an officer in the Foreign Service and then you look at those same responsibilities in the Civil Service, you'll see the Civil Service is a higher grade." I said, "And that violates the act." Now, the Office of Personnel Management had just been set up, OPM. And they had used a company (Hays) to evaluate each position in their new structure and assign a rank to it. So we proposed to OPM and to Congress that we would ask this same company to evaluate the Foreign Service and determine based on Hays points whether an FSO-X was equivalent to a GS-X, or not.

And they came back and said, "Wow! Are you guys under graded!" Now, you may remember when suddenly we all got one hell of a jump in pay. Well, that was because they realigned so that now suddenly an FSO-3 (today's FSO-1) was a 15. We tried getting a two to be a 14, but they wouldn't buy that. But we got a two to be like a 13 and three-quarters in terms of pay, and so on. But we got the whole thing realigned up. And we all got a very nice pay increase. That was what our board did during that period.

And it was funny, I went to a meeting about six months after all of this of all the federal unions. And AFSA sent me -- we're about the smallest, and I walked in, they said, "Hey, here's the hero!"

"Who, me?"

"How the hell did you guys do it, you know? Nobody -- everybody else is trying to keep from getting fired and you got a raise?"

I said, "The trick is don't fight them. Make them join you, you know?" And so I spent half my life on the desk, and the other half on AFSA.

Q: One of the parts of the 1980 law was an up and out six years thing --

STERN: Yeah, well if you remember though, before that there used to be an up and out at almost every grade. Before they set up the concept of the thresholds, you could be -- so you could be out if you were say an 04 and you didn't upgrade in four years, goodbye. So what they did was create the junior threshold and the senior thresholds. The six-year window is a joke. The language reads that they will establish a window essentially based on promotion expectations, not a fixed number of years. AID, Commerce, and Agriculture do not use six years; they use eight. Foreign Service stuck to six. We fought that constantly. Never won it. But there are very lean periods when there's hardly any promotion, or very little promotion into the senior service. And six years simply isn't enough. But the problem we face, and

always face, is that if you're going to be a career service and you're going to bring people in as lieutenants, you must shoot colonels. That's a fact of life. You must. Otherwise there's no flow through. The military understands this and always has done this. And we were being forced to face the reality. And again, the six years I think is an arbitrary one, but the reality is that you can't turn into some third world army where everybody is a colonel or a general. You've got to have people coming out at the top to make room for the guys coming in at the bottom. We accepted that. We had no problem with that as a concept. We thought that was reasonable. Because we're never going to be the size of the Civil Service, unlike, you know, the Foreign Agricultural Service or whatnot. They had plenty of GS jobs to fall back on. We didn't have anything to fall back on. So it made a difference. But that's also why we would get immediate pension if you missed your six-year window even if you were 47-years-old. We got that in there so that you didn't have to wait until you were 62 to start collecting your pension, which would be the case in many other things. Because if you chose to retire at age 48, let's say. You know, let's say you have 25 years in, you're 48 years old, but you get this tremendous offer from Citibank. Great. We freeze your pension at that level and at 62 you collect based on your high three of when you retired. Whereas on the other hand, if you go through your six-year window and we tell *you* to leave, you get immediate pension. So we did the best job we could. I mean there are compromises in there. We didn't get everything we wanted, but then neither did they. I think that all things considered we did a good job. There's some things I wish we could have gotten, but you never get everything.

Q: One of the variables in promotion is that Congress gives so much money --

STERN: Yeah.

Q: -- for personnel issues. And since you have a rank in person in the system in State, State then counts up how many promotions at this level, how many promotions at that level, so that it isn't that everybody -- so if Congress doesn't give any money then nobody gives a promotion.

STERN: Yes, I understand that completely. And that's -- and this has always been the problem. Go back to taking the exam. Are you familiar with the way the exam is scored?

Q: No, not really.

STERN: OK. Well, back when you and I took it, about 15,000 took it each year. And they commissioned about 250 officers. That's all there was room for. The service was much smaller than it is today. OK. Now, what they would do, the statisticians, let's say, and obviously I'm going to use illustrative numbers, which may not bear any kind of reality. They would say OK, we can take 250 officers, we can commission that many. How many people do we have to allow to pass the written so that we have a sufficient pool to take the oral. So that after that process is over the survivors and the ones who go through the security and the other checks and whatnot, physical, and being on the list and whatnot, that will have 250 candidates, well for the sake of argument let's say a thousand. I don't know what the precise number is. It means that we're not going to allow more than one thousand people to pass the written. I don't care how great they are. Now, there's a minimum, you know, basic score. You've got to achieve at least that. But you've got 15,000 self-selected people who all know what a bastard of an exam it is, except an idiot like me who didn't know. They're all very bright, they all have advanced degrees, they're all ready to go. So you're going to have

way up here huge numbers. You're not going to have the normal bell curve. So what you do is you take person number 1,000 -- at least back then -- and you give him or her a score of 70, which is passing. And then you curve everything down and up. The next person, thousand and one, gets 69.9999. So where you place in a given year depends not only on your actual score, but on who else took the exam the year you did, which makes it a real crapshoot. But that's the system. And basically that's still the system because personnel turns to budget and says, "OK, how many can we hire?" Now it's 25,000 and 30,000 people taking the exam. And you've got to somehow whittle that down to a manageable number. So the written is the coarse screen and the orals are the finer screen, and then there's the final review panel, which is the finest screen. What's amazing is as competitive as all that is, some real jerks still get in.

Q: (laughs)

STERN: I must say, overwhelmingly I like my colleagues. There've been a couple here and there, but overwhelmingly I've really liked the people I've worked with.

Q: Can we go back to the Hemenway thing? You said you were part of that, or you got involved.

STERN: Yep. Well, I got, I got involved, again having a big mouth, trying first of all to get him to work with us.

Q: You were on --

STERN: I was on the board.

Q: -- board at this time.

STERN: Trying to get him, say, "Look John, we've all had our difference. It's over. You're the president, OK? Let's work together." And it was very clear, no. So after I don't know how many months of kind of frustration a bunch of us got together and we said, "We got to get rid of this guy."

Q: What are some of the issues? I mean it isn't just --

STERN: Well --

Q: -- chairs on the deck of the Titanic.

STERN: Yeah. Well, it's hard to remember everything now, I mean this is 40 years. But a lot of the things we wanted to do were bread and butter issues. He was always looking for political stuff, hard right wing. He wanted us to become essentially a political organization, to take positions. And we said you're crazy, we're the professional association, we don't take positions for or against what the administration, any administration, whether we happen to be in favor of it or not. That's not what we're here for. Wow, can you imagine if we'd taken a position against any given president? The American Foreign Service association says, "President So and So is an idiot." How long would we last? But he was very hard over on the political side, I do remember that. And so it got to the point where he was also giving speeches which had not been approved by the Board and he'd go out and talk in front of

various groups like the Rotary. And misrepresent what the board said. So a number of us got together, Joe McBride and myself and -- trying to think -- it's been so long. Number of other people were very prominent. I don't want to make it sound like I, I, I, I, I because I was one of seven or eight people and we used the bylaws to pass a resolution on the board calling for his impeachment and sent it out to the membership for a vote.

He sued me, along with others, and it was funny, he went to Howard Law School. Somebody once said, "Where are you going to school?"

He said, "I'm going to lawsuit school -- I'm going to law school."

But I got served several times and I took it down and gave it to AFSA and the AFSA attorney took care of it, and none of these cases every made it very far because they were all nonsense. But nevertheless, a bit of a pain in the ass. But it was a good time, it was interesting. And as I say, we accomplished a lot. The new officers today I don't think realize how much AFSA has done. I mean when I came in the service AFSA had just negotiated the kindergarten allowance overseas. My son went to kindergarten in Hong Kong. But before that, school started at first grade. If you wanted to put your kid in kindergarten, you paid for it. So there's an awful lot of those things that are now taken for granted that I don't think enough people understand that AFSA fought very hard to get. And then it was a hard -- when Nixon gave us the bargaining rights and all, there were an awful lot of people who were unhappy with us being a union. A lot of the old school FSOs didn't like the idea. AFSA is a professional association, we are above this sort of thing. No, we're not. And eventually the no, we're nots won.

Q: Skipping ahead a little bit, in the Reagan administration this six-year window stuff became affected and a lot of people --

STERN: Yeah. Well, more important than the six-year window was when the decision was made internally to downgrade many positions. So a lot of positions that had previously been held by what is now the Senior Foreign Service became FSO-1 jobs. So you no longer needed as many people in those top two grades, the old one and two. What they did was they made the pyramid steeper. So that whereas prior to the act your chances of making old grade FSO-2 might have been 20 percent, now it was dropping very rapidly until by my time it was like two, two and a half percent. Because it just got narrower, narrower, narrower. So it's not the window itself alone, it's the tremendous downgrading. And they did this in the name of giving more responsibility to people sooner. Which it did. But at a financial cost to everybody.

Q: Today is the 15th of July. We're returning to our conversation with Bob Stern. Bob, we ended the last session, you were assigned to the Office of Philippine Affairs in the East Asia Bureau. Your next assignment is the Operations Center. How did that opportunity come up to you? That's a pretty plum job.

STERN: I had been, as I think I mentioned earlier, very active with the American Foreign Service Association and I'd been a board member for several years. Ken Bleakley was the president of AFSA at the time and he was also the deputy director of the Op Center. And Ken and I were talking about the time the assignment cycle was beginning and he said there was going to be an opening coming up, why didn't I bid for it. He thought I would enjoy it and

that I would be good at it. I hadn't really considered that before, thinking I was going to be staying a) in econ, and b) in East Asia. But I bid on it and I got it and by coincidence it turns out I replaced our mutual friend, Scott Butcher. Scott went off to Jakarta and I met him for the first time in the parking lot in the basement when he handed me his parking pass for SSO and he went one way and I went the other and I didn't see him again until many years later in PMAT. But SSO was one of the more interesting, one of the most frustrating, and one of the most difficult jobs I've ever had. This you must remember was pre-computer days. Everything was paper. We got scat copies of every major cable from everywhere in the world coming over our printer constantly, which meant that as the senior watch officer I had to scan all of this stuff until I almost went blind. The worst part, however, was the incredible stupidity of the State Department, which violates all medical sense, violates what they were told by the Medical Bureau. The set-up is this. You come in and you work two days from eight to four. That actually means you come in at seven because you need an hour to read-in. And you're handing over to your successor, so maybe you get out at 4:30, little after, but it starts at seven. You do that for two days. Then you come back and on the third day you work the four to midnight, which means you come in at three in the afternoon or so. And after that the next two days you come in at midnight or 11 p.m., and you work all through the night turning it over at eight the following morning, and then you get two days off. So you change shifts every two days. This is nowhere near enough to allow your brain or your body to adjust. It throws your circadian rhythm way the hell off. Some people respond to it better than others. I responded to it poorly. It was a struggle because I was never getting enough sleep. When I worked the eight to four, that wasn't bad, that's a semi-normal thing, but if I'm working a four to midnight, get home very late, try to get some sleep. But when I worked the midnight to eights, I'd get home 9:00 in the morning, 9:30 in the morning, if I was lucky I could sleep for maybe two hours because I was so completely thrown off. It was like being in constant jetlag, which I'm sure you can appreciate;. watch officers, the junior people, who were the one in their twenties or thirties had 12-month assignments. The senior watch officers who were older had 18-month assignments, so I actually spent 20 months. So it -- I found it physically and mentally very, very hard because I never felt I was as sharp as I wanted to be because I never got really enough sleep. The pressure back in those days was very intense because --

Q: Before we get into that, let's set the stage and talk about sort of organization, where this fits in the State Department.

STERN: OK.

Q: This is the Office of the Secretary.

STERN: That's right. This is a part of the secretariat staff.

Q: Secretariat staff.

STERN: And it is considered somewhat prestigious.

Q: And who's your immediate boss and who's his boss?

STERN: OK, Well, there is a director and a deputy director of the Operations Center. They report to the executive secretary who in those days was Jerry Bremer. I don't remember

offhand now the names of my director and deputy director, it was a long time ago. But the senior watch officer reports up to them. His staff consisted in those days of a watch officer, an editor, and an operations assistant who was a low ranking GS. The other two officers were junior officers who had shown a certain degree of promise. They were bright. Very sharp. OK. Let's see. Here it is. John Stemple and Dennis Sandberg. John was the director and Dennis Sandberg was the deputy director.

Q: How many watch officers and how many --

STERN: One watch officer, one senior watch officer, one editor. The editor is like a second watch officer, although he has specific responsibilities. Certain messages, which come in, channel messages, NODIS, EXDIS, so forth. All EXDIS messages go to the editor and he or she has an SOP of how they get to be distributed. All NODIS come to the SWO, only the SWO handles NODIS messages and works from a special list of distribution, depending on the subject matter and the compartmentalization. The Op Center itself is a SCIF, you know, a special compartmentalized Intelligence facility. And we had the old fashioned vacuum tube things with Com Center would send us something and *(makes whooping, sucking, and then clicking sound).* And they were warning me, you know, sending you a NODIS, or on rare occasions a flash or even a critic message, which we then had -- sometimes we had standing orders because we were looking for something on this subject. Other times it would come as a bolt from the blue and you had to sit and figure out, now what do I do with this? We also had a small INR watch that was contiguous with us, but we had no real contact with them other than that between us we produced overnight the briefing book for the secretary and the president. They did most of it because they had the connection with the intelligence agencies. But we would add to it and we would add material from cables we felt were particularly significant.

Q: Were you throwing full cables in or just giving a summary of the cable?

STERN: Oh no, we would be sending a summary. And then ref-ing it because when you're sending material to the very, very senior people, the reality is they budget their time in minutes. There are so many claims on their attention that anything more than a half a dozen or eight lines isn't going to be read. They just don't have the time. So you learn to write, as we later did in PMAT, very tightly, hopefully to get something that's a grabber that they would realize this is important and they need to know more than they would call for the entire message. But at the very least the idea was to make sure that they were not blindsided, that they knew what was happening in parts of the world other than where they were primarily focused. And as you know, there's a flavor of the month and, you know, this month we may be centered on Asia because North Korea is threatening and the secretary's got a lot of his attention going there. We've got to kind of tug on his coat once in a while, or her coat, remind him, "There's also South America, there's an Africa, going on. At least run it by him so that he can spend 30 seconds, if no more, reading about -- well, today, say, what's happening in Libya -- well, that would be a little higher on his mind at the moment. But there are so many things going on in so many different parts of the world that unless the minions catch hold of these things and kind of, pull his coat tail and say, "Sir, you really should know about this," he's going to be focused on the very big stuff. And this other stuff which may be coming along, which may be big in a week, well, we don't want him to find out in a week. We want him at least to have an inkling that this is coming. And every day at 5:00 we would do cable highlights, a one-pager, to the secretary of eight or 10 of what we thought were the

most significant cables. And the editor would do the initial writing and then it would go to the SWO *(laughs)* for the editing of the editor, and then final commentary and then out. We did a lot of alerting, we did a lot of putting people together. We were -- the secretaries and all of the other principals, when they needed to speak to somebody when it was not duty hours where they could obviously just go directly to that person, the call would come to us. So I worked for both Secretary Hague and Secretary Shultz. And I'd get a call, you know and as soon as I saw the button that it was the secretary calling, yes sir, and he'd say, "Bob, get me so and so." And that might be an ambassador of another country, it might be another one of the very senior people in the department." Yes sir, I'll get right back to you, hang up on him, find the other person, get him on, get the secretary back , put him through. So -- and chasing down some people was more difficult than others. I mean the principals were always supposed to have a phone where they could be reached at. There were one or two that were not really good at that. --

Q: Such as whom?

STERN: Richard Perle was probably the worst. And his executive assistant was would try to cover for him and all and say, "Look," I'd say, "I don't care where he is, the secretary wants to talk to him. You want me to go back and tell the secretary he's too busy?" All right, we'll get him.

Q: And this of course is all before cell phones and --

STERN: Well, the problem is that training a SWO is very much the way the State Department trains everybody, hit or miss by guess and by God. When I came on as a SWO in training, my job was to sit there next to a SWO and watch him throughout the entire shift and he'll tell me what he's doing as he does it. And I would do this through several different shifts over about a two-week period until they say, "Well, you know, he's seen everything there is, so put him on." Well, the reality is, of course, I haven't. Nor has there been any effort made to tell me what the hell is important or what I should really be worried about. If I'm lucky something happened on a shift when I was there and I saw it and I could learn about it. but things don't happen that way in real life. So when you take over, you normally have huge gaps. Yet, you're now the one in charge. And at night and on the weekends you may be the most senior officer of the department and have to make decisions with a lot less knowledge than I would have liked to have had. Typically, the first time you run your own shift is a Sunday morning eight to four, because that is the quietest shift of the week. So we always start the new SWO on that shift. And there I was, and that was the day the Israelis took out the Iraqi nuclear reactor. You know, after a split second of oh God, why me, I suddenly had to go into tremendous action and, you know, I have no one there to consult with, no experience obviously, it was my first real day on the job *(laughs),* and it was, it was crazy. But we finally got everybody alerted, got everything done, and got the thing going. The press is calling in like crazy and we're fending them off because I mean I'm not authorized to speak for the department as to what do I think about this. I said, "I think you'll have to speak to the spokesman," *(laughs),* you know. But often we had the set, the television set on at CNN at all times, because often we'd find out from CNN before we'd get a cable from an embassy because they don't have to go through all the procedures of writing a cable, getting it approved, cleared, sending it, and whatnot. They got a guy in there with a microphone. Another example I -- I don't know if I'm lucky or unlucky, however you want to put it, but I was doing a midnight to eight shift, an extraordinarily dull one. *Nothing* had

happened. I mean the log showed midnight, assume the watch. Put my name down. Didn't have any other entries. But 7:15 in the morning, my replacement has come in, he's reading the boards and all, and I'm sitting back there thinking -- drinking a cup of coffee, saying, "Thank God, in 45 minutes I'll be out of here." Telephone rings and I pick it up and it's NBC News. What does the department have to say about the assassination of Anwar Sadat. The what? You know, first I'd heard of it. And I said, "Uh I'm sorry, I don't have a comment for you right now, get back to us." I hang up, and I turn to my watch officer -- I don't remember his name. And I said, "Get me to Cairo." As I said it, the phone is ringing, it's the DCM in Cairo who tells me that he and the rest of the embassy staff were in the embassy watching the military parade on television when all of a sudden they heard what sounded like shots and the camera faded to black, and the station began playing military music. He tried reaching the ambassador in his car, couldn't get through. He assumed it was an assassination attempt against Sadat and the ambassador was sitting quite near to him. So we don't know what happened to either one. I said, "Great." I said, "Look, hang on, I'm going to put you through to the secretary and then I want you to tell him directly rather than pass it through me." So I get Hague on the line and I say, "Sir, I've got the DCM from Cairo, I'll let him tell you exactly what we know." Meanwhile, I'm saying get me this, get me that, get me the other thing, writing down little notes, using my replacement as a gopher. Because I can't turn over to him. I, I can't go. And he's making calls on my behalf, the other watch -- we all were scurrying like mad, writing little slips of paper and whatnot. And it's the worst hour because everybody is either in the shower or in his car on the way to work. Because you know, this is between seven and eight in the morning on a normal workday. So trying to reach anybody and trying to get a coherent idea what the hell happened, who needs to know, and then what are they going to do about it? So it got to be a fairly frantic few hours. I must say the adrenaline really pumped in, and I was no longer sleepy. I mean I was hyper. And then finally by 11:00 it had settled down enough that I could turn it over to my replacement. And my team and I went into another room and we sat down with all these little bits of paper trying to put down in sequence so we could put it in a log what the hell happened and what we did and when, because that's the official history of the department. And it also showed me how we can sometimes deliberately look stupid. If you remember, everybody was reporting that Sadat was dead. The State Department kept reporting that he's in the hospital, the Egyptian government informs us that he's in surgery. Now, we knew he was dead. Problem was, is nobody knew how deep the plot went, nobody knew whether if we announced that Sadat was dead with the official Egyptian and American thing, what would that set in motion? Until the Egyptians announced that he was dead, we were going to be the ones that compromised them -- so, oh no, no, no, he's in the hospital being operated on and all of that, more information will be coming. Everybody's saying *come on*. But we held that because it was deemed that we had to give the Egyptians time to protect Mubarak and to make sure there was no follow-on, you know, who knew? And again, we didn't have computers, we didn't have internet, we didn't have email, we didn't have anything then. So everything took a lot longer. So it was, as I say, there were a lot of exciting and fascinating things that went on when I was in the Op Center, and I remember those. But I also remember that because of the constant changing of shifts I was physically and mentally a wreck. One of the reasons I stayed on two months beyond my 18 is I volunteered to write a manual on training of senior watch officers so that there would be a systematic training program, which people would go through and not have to learn by accident. So that was the last thing I did when I wrote the manual for being the SWO. This was the period also when the first aerial hijackings were taking place.

Q: Hm.

STERN: And obviously, again, given time differences, very often the first notification would come to the Op Center. So I and my fellow SWO's were the ones who were getting involved in this incident and learning how to set up the task forces and getting deeply involved in this, which would lead to my next job in counterterrorism. But we were there at the beginning of; hijacking of TWA planes by the PLO and other groups like that. And we were trying, again, to develop SOP's as to how do we handle this, who needs to know, how does it get done, and so forth. And because it really hadn't happened before we were making it up as we went along. And that, again, made for very interesting times.

Q: Well, it sounds like there's a couple of instances, different types of processes going on. First there's the, you know, some incident has happened, Sadat is killed, and then there's another incident that starts and is going to go on for a couple of days, like a hijacking.

STERN: Right.

Q: And in that circumstance you set up a task force?

STERN: Yep.

Q: Whose responsibility is that, to call a task force and demand it?

STERN: That's the executive secretary's prerogative. What we do is we recommend; we think this is an incident of duration. It's not going to blow over in a couple of hours. He then authorizes the establishment of a task force. There are a couple of civil service employees who work in the Op Center on a normal weekday basis, and it's their job to do all of the, for lack of a better word, housekeeping, clerical, and whatnot. They're the ones who physically set up the task force, make sure the phones are in, the secure telephone for the director, pencils and paper, you know, coffee. All of, you know, the things that you need for the rest of the people to come in and sit down and function. You know, now, as time went on, it's much more sophisticated with the computers and the various monitors and the various life feeds. But we were pretty much back in those days' pen and pencil and telephone.

Q: Let's talk about the telephones for a minute. There would be normal telephones and classified telephones?

STERN: Yeah, you had -- picture, if you will, a room probably 10 by 20, and that's the task force conference room. And you've got a long table, everybody all around representing everybody who has a stake in this. So let's say for the moment that it was, you know, Sadat and we know we're going to be following this for a while. You will have in the chair will probably be office director for Egypt. You'll have a consular person because this is going to affect Americans resident in country. You're going to have somebody from USIA for public affairs, and probably somebody from security, you'll have a military representative over from the Pentagon, somebody from INR, and so on and so on and so on. And this is going to go 24/7 for as long as it's necessary. There's a small room adjacent to the main one, which is the director's separate office, and in there is a secure telephone. So he or she gets, or gives, calls over the STU and whatnot. And you got a secretary outside, the main one who takes calls and messages.

Q: Now, you also had a classified phone on your desk.

STERN: Yes. Now, I had more than that. Behind me was a secure phone, which connected directly to the White House switchboard. Trying to think of the acronym now. Oh yeah, NOIWON, N-O-I-W-O-N. National Operations Intelligence Watch Officers' Network. The fact that I can still remember that after all these years is somewhat of a miracle. But what it is would be if I were the first to learn of something, as I was when the Iraqi nuclear reactor was taken out. I pick up the phone, get the White House switchboard, and I have to say, "This is the State Department Operations Center. I am calling a NOIWON." The switchboard would then call the operations centers of the CIA, DIA, on and on and on, all of the intelligence agencies, everybody was on there. And the duty officer, or operations officer such as myself, would one by one check in on the line.

When everybody was on the line I would then say, "All right, this is the State Department senior watch officer, I called this NOIWON, a-da-da-da-da-da." So that they could then do their things. So I could notify every operations center in Washington simultaneously, or if they got it first they'd call me, I'd pick up and get it. So that was one of the things.

Q: Does this phone system allow you to call somebody, National Security Council?

STERN: Yes.

Q: I mean what does that mean that you're calling the White House?

STERN: Well, the White House switchboard had access to everybody outside of the State Department -- if I needed to make a secure call to an embassy I could do that just dialing the embassy secure line,. But if I need to talk to someone in the NSC or somebody in the CIA but I don't know who I need to talk to, I don't know who these people are. What I need is to find my opposite number. Well, they have the telephone -- they just press a button and they can put me in touch with my opposite number. Now, whether they still do that today given how far we've come in electronics, I don't know.

Q: How many buttons were on your phone?

STERN: Not that many, but I'll tell you a fun -- I'll tell you an interesting story about that. After Hague left the department and Shultz came in, it was a Saturday morning right after he took over. I happened to have the eight to four shift that Saturday, and we would come in very casual, dressed kind of like we are now, although I wouldn't be in shorts. And about nine, ten in the morning, in walks Jerry Bremer who was the executive secretary with Secretary Shultz rather. "Mr. Secretary, this is the Operations Center and this is Mr. Stern, the senior watch officer. He'll take you around and introduce you and describe the functions." OK? And Shultz was wearing these bright red plaid pants because he was going golfing afterwards, so he was wearing a golf outfit. Jerry of course was in a three-piece suit. I think he slept in one.

So I'm taking the secretary around and I'm showing him this station and that station. And he looks at a telephone that's on the desk out where the operation assistant sits. And there's a lot of, you know, speed dial, you press a button, you get this. And one of the buttons reads

"Abdullah." And the secretary looks up at me and says, "Oh, I see we've got a direct line to the Saudi embassy, Prince Abdullah."

And I'm saying to myself, "Do I tell him the truth or not, and why is it always me?"

I figure I better tell him the truth because he might press the button and try to talk to Prince Abdullah. And all of this of course is in a split second of thought. And I said, "Actually sir, that is not to the Saudi embassy."

And he says, "Really? Well, what other Abdullah is so important that we have to have a button." I said, "Well, it's a pizza parlor on Wilson Boulevard and they're the only ones that deliver nights and weekends." He cracked up. He thought that was absolutely hilarious. I thought Jerry would choke.

He said, "Goddamn, I'm glad to see some people know what's important."

So *(laughs)* I, you know, I was saying oh my God *(laughs).*

Q: Well now, let me ask, what was it like to work for Bremer? How much interaction I suppose did you have and what's your impression of --

STERN: Well, Jerry of course was a classmate so I'd known him since the first day I'd been in the Foreign Service.

Q: Oh, that's right.

STERN: He's one of the smartest people I've ever met, one of the hardest working people I've ever met. But he does not delegate. He's a control freak. He's got to do it all himself. Our standing instructions were, if anything happened to go bump in the night we were not to call our immediate bosses. We were not to call the deputy executive secretary. We were to call him no matter what the hour. So 3:00 in the morning? Call Jerry. I mean he did not really give much trust to other people. He ran the whole show. Very, very much a control freak. Micromanaging. Now, he could get away with that to a large degree because, like I say, he's smart as hell, he's got an incredible memory, and he's got a huge capacity for work. I mean these were all very positive features. But he doesn't listen very well. So that's how he got into so much trouble in Iraq. And we could all see -- those of us who knew him could all see that coming. And I didn't really have any problems or difficulties with him, because he was what, three, four layers above me in the pecking order. The only direct contact I had was if I had to call him in the middle of the night. And that was not all that frequent. He was very well thought of because he went on from there to become ambassador to the Netherlands, and so on. But it was -- one of the great difficulties is that while you are supposed to know everything, the senior watch officer, because if anything goes wrong it's the senior watch officer's fault because it's your job to catch everybody else's mistakes. You're supposed to be the one who knows all, sees all. And therefore, if somebody else screws up, you catch it and save it from becoming any real issue.

Obviously it's impossible, I don't care how good you are -- and I like to think I was reasonably good -- you can't know everything and you can't spot everything and you're going to make mistakes. Hopefully somebody else will help catch your mistakes or you can

catch them before them become really bad, the snowball doesn't go too far down the hill. But yeah, I mean I made a couple, and no question about it that I just missed. And the problem, again, is you are constantly, constantly reading, because this stuff is coming out of the printer, you know, just boom, boom, boom, boom. And when you figure the time zone's differences around the world, you know, every -- you're coming on at midnight, well, they're opening the doors in Tokyo. And you know, and stuff starts to flow so you never really have a downtime except maybe a certain period of the weekend when it's a little quiet. But the work week, because of all the time zones, it's almost a constant flow. And when it begins to be between 3:00 and 6:00 in any given location, that's when they push the majority if their messages out.

Q: Now, at this level, you can see every bit of traffic coming into the department.

STERN: Well, we -- now again, there has to be a filter otherwise we would drown. It has to be at least confidential. OK, we don't get bothered with LOU -- in those days limited official use. And it has to be immediate.

Q: Ah-ha.

STERN: So confidential, immediates, and above. The only exceptions to that would be welfare and protection of American citizens abroad. That could be unclassified or just LOU. That came to us because we had to do the notifications, the consular stuff. My dad died right after I went to Korea, and my brothers called the Op Center which got off a cable to Seoul with all the details and I got leave and came back. So we would do that fairly routinely, not just for people within the embassies, but trying to reach somebody who was in a hotel in London. I think -- and again, the consular people had a duty officer, and we would pass most of that stuff off to them. But we were check it first and make sure we're the ones -- and then do these various notifications of someone put in jail, deaths, you name it. So you know, that would come along. Normally they didn't require very much of your time because you knew what to do, it's pretty standard. But the confidential immediates and above -- and again, this is before we had NIACT immediates. They were just going into the NIACTs. Before that, if you recall, a confidential immediate came in at 3:00 in the morning and if you happen to be the duty officer, the marines called you in. When I was in the Philippines during the height of the Vietnam War, and when I was duty officer, I was called in every single night at three a.m. And every single night it was a classified weather report on Yankee Station. The marine knew what it was, I knew what it was, but the rules were, confidential, immediate, and above, it goes to the duty officer. And he couldn't say to me over the phone, "Same thing!" I had to get dressed, go down to the embassy, look at it, and say uh-huh, thank you. Then they changed it to NIACT. So those of us who were only info didn't have to get up in the middle of the night. But now again, only a senior watch officer can authorize a NIACT message or above. So let's say something happens in -- well, I can tell you a specific one. During the Falklands War, the department was trying a straddle between our great ally, the UK, and the new better relations we had with South America, and trying somehow to be even handed in this and not destroy one or the other relationship. The assistant secretary for Latin American Affairs was interested in getting the Peruvians to be a third-party negotiator. You know, goodwill and all of that. The secretary didn't want anybody getting in the middle. And a message came up to me at about 7:00 in the evening from ARA, which is what it was called in those days, WHA today. And it was a staff assistant, requesting clearance on a NIACT to Lima. And it was from the assistant secretary to the ambassador telling him to go to the

Peruvian government and get them involved. And I knew the secretary had said no. And I said, “I’m sorry, but I cannot clear this. You know, this violates the policy set out by the secretary.” So he took it away. Five minutes later up comes the Assistant Secretary *looming* over me, wanting to know why I, a pipsqueak FSO-2 is telling him how he can contact *his* embassy. And once again I’m saying oh shit, why is it always me? You know? Let this pass, I don't want it. And I said, “Sir,” I said, “I’m very sorry, but I have instructions from the secretary that this is not to be. And I have no choice in the matter.” I said, “If you’d like to speak to the secretary I’ll be very happy to connect you. But I cannot authorize.”

He said, “Well, you know, I can send this without it being NIACT.”

And I said, “Yes sir, you could.” I said, “But I would hate to think that I have to tell the communications section that any message to Lima at any classification has to go by me first.” I said, “That’d be awfully embarrassing for both of us.”

And he stormed out and I figure oh, I'm screwed. But I never heard anything about it again One of the things that we would do that we weren't supposed to do is we would listen in on conversations. We’d mute the phone. And the reason for that was not, for our personal delight, but because we were so damn afraid we’d be blindsided, that they would make a decision up in, the lofty realms, not tell us about it, and then suddenly we would do something that would completely screw it up because we didn't know better. So while it was something we were not supposed to do, everybody did it. We didn't make a big deal with it, but the idea was just CYA, make sure you understand what the people on top want so that you can give it to them. Well, again, during the Falklands, cable comes in from the ambassador in Buenos Aires. We had sent essentially an ultimatum saying to the Argentines, “You've got to give us an answer in 24 hours as to whether you're willing to sit down and talk, *or* we’re going to publically support the Brits.”

So the ambassador came back with this message saying, “Forget about the 24 hours, these guys are just paralyzed. They don’t know what to do. They’re like the deer in the headlights. There’s not going to be a response of any kind. They’re just completely paralytic.” OK.

Now, this was maybe 10, 11:00 at night. And I was trying to decide, who should I call? Should I call the secretary? Should I call Eagleburger and tell him about this? Or can it wait until the morning? So I called Jerry. And I said to him, “This is what I’ve got.”

And I said, “What do you think? Should I alert everybody or can this hold until the morning?”

He said, “I think it can hold to the morning.”

I said, “OK, thank you.”

About 10 minutes later I get a call from Hague. “Get me Larry Eagleburger.” Put the two of them together, I’m listening. And he says to Eagleburger, he says, “Larry, I’ve been thinking. I think we’ve got to lean on the Brits a little more. We’ve been leaning a lot on the Argentines, now I think we’ve got to lean on the Brits to get them also to come to the table. I’m going to call the -- I forget the ambassador’s name -- and put some pressure on him.”

And Eagleburger said, “I agree. I think it’s time.”

Next thing I know, the phone rings again. It’s Hague. “Get me the British ambassador.”

I said, “Yes sir.” I said, “By the way, sir,” I said, “message just came in from Ambassador Shlaudeman that you might be interested in.”

And I told him and he said, “Whoops, get me Larry.”

And he says to Larry, he says to Larry, “Forget about leaning on the ambassador. It’s all over.”

So you know, and that’s the kind of stuff we would hope to catch. And you know, you don't write that down anywhere, you don't tell anybody about it. It’s just done. Today the Op Center is two to three times the size of what it was back when I was on it. And of course it’s all computerized, which makes it -- oh God -- what a blessing it would have been.

And I don't know if I told you this story, but it’s one of Dave Peirce's stories about me. Shortly after the PMAT was set up, we were having to take our sitrep up to the Op Center for de-confliction, which turned into a real pain in the ass as they were trying to rewrite it. And we finally said, we’ll deconflict it ourselves.” But for the first month or two we were, they were trying to work with them. I went up with it and there was this young female officer -- of course by that time everybody looked young to me. And we were arguing about some point on this, I don't recall what it was. And she said to me,: “You know, you have no idea how difficult it is to be a SWO.”

I said, “Really?” I said, “Open your bottom drawer of your safe.” She did. I said, “See the manual? Look at who the drafting officer is? Lady, I wrote the book about being a SWO.” So that was one of the highlights of my life *(laughs).*

Q: Now, the Op Center is seeing every cable that’s coming in --

STERN: Of significance.

Q: Of significance. And most significant would be when it becomes captioned EXDIS, exclusive distribution, NODIS --

STERN: STADIS or eyes only or, you know, listing only these people. There are a variety of ways in which you can limit distribution. First one is STADIS, State distribution only. It doesn't automatically -- well, let me backtrack. Before we had what are known today as tags, a message would come in to the Com Center and they had a couple of gremlins there who would read the message and make a decision as to who should see it, whether it goes to energy, whether it goes to HHS, whether it’s strictly in State, who in State and so on and so forth. They would be the traffic cops. Now, later the tags line determined that because according to the tags that were on there, went to a preset distribution, which was a smart thing. This would come up, and the distribution would already be on the top of the page and I wouldn't have to concern myself with it, unless it were after hours and I felt somebody had to see it. Or it was something I wanted to alert my successor to, to make sure that when he or she came on, knew to watch for the next shoe to drop.

There were also special, I wouldn't call them channels, but for example, if the Soviets in those days were going to do a missile test, we had an agreement with him that they would notify us first, the embassy would then send a specially captioned message to the department with various specific things in it, which we would then get, and I had a specific distribution list that I had to alert certain people so no surprises. Which is a good thing. And of course we did the reciprocal. Well, I had a cable come in from Moscow. None of the captions were on it. None of the key words were on it. And it talked about missile testing. And I couldn't figure out what the hell I was looking at. And I turned to my watch officer, who was a very experienced -- just about to finish his year; I asked, "Is this *the* Moscow message?" Beats the hell out of me. Because there's nothing on here, there's not a single one! So well, we decided well, it's already almost six a.m., it can wait a couple hours. Wrong. It was the cable. And Moscow had just screwed up and had just run every red light. And guess who caught hell for it? I was supposed to catch all their mistakes, and I didn't. So I got a reaming for that one. But c'est la vie. Win some, lose some.

Q: Now, you had also -- I mean in addition to the classification and the distribution restrictions, there's precedence of a cable, flash, immediate, priority. Any sexy flash messages during your 18 months?

STERN: A couple. Very rare. I mean flash really is extremely rare. I think over the 18 months I actually sat on the desk, the other two months I was working on actually writing the manual, maybe I saw three or four, if that many. Certainly Sadat and the nuclear reactor, Iraqi reactor, those qualified for flash messages. And I think there was an initial -- a flash message, at least one, on the Falklands. But it was really, really reserved. I mean people did not -- because flash, *everybody* got up on it. you know, lean forward in their foxholes. So that was pretty well controlled in that people didn't use that if they didn't absolutely feel they had to. One of the things about the department's cable system is that you have all these, you know, thousands of cables coming in, there in the stream. You have routine, priority, immediate, NIACT, and then flash, and critic. And immediate jumps the line and gets in front of everything that's routine or priority. So a priority message might not even get to you for 18 or 24 hours. Because the immediates keep bumping it back. It isn't until you get a quiet enough period that the priority can finally make it up to the front of the line, and the routines after that. I don't know if that's still the case, but that's the way it was then. I suspect it still is. So precedence definitely determines how fast something really gets to be looked at. And immediate would tend to get overused because of that. And of course a flash would just jump everything. Which it should.

Q: Now, let's -- oh, did you have at your level any interaction with Hague?

STERN: Modest. Yeah. I mean, most of it was being sort of an assistant to him in that Bob, get me this, Bob, get me that, Bob, put me through to so and so, or Bob, what do you have on such and such? I mean it wasn't a personal contact, you know, like it would be, you know, he used me as a member of his staff, which I was. And the same thing with Shultz. And this was true for all of us, we were a part of the secretary's staff. But I wouldn't say we had a relationship beyond that. I mean we got to see them as people because we got to see them in a whole variety of settings, so we -- I think -- I'm sure we knew them better than they knew us.

Q: Well, in that regard, I mean Hague had a military background, Shultz had a business

engineering background. Did they seem to have different approaches to the staff?

STERN: They were both extremely courteous. They both knew how to use staff. They both I think respected the fact that their staff were professional and didn't have to be constantly reminded. They thought they could tell us what they wanted and we would do it. And they expected that it would be done and they didn't have to repeat themselves or look after it. I felt that with both of them. They were very different people, I liked both of them. I thought that Hague was a lot solider and more thoughtful than people gave him credit for. You know, the famous I'm in charge here thing got him into trouble, but that was just, you know, little malaprop. Trying -- it came out wrong. And God knows I've done that. So I, I found him to be thoughtful. The one thing he was different at was he liked to prod, he liked to kind of stir the ashes in the fire to flare it up a little bit, whereas Shultz was more willing to wait and let it develop. Now, whether that was a function of their personalities or of their backgrounds, I can't say. But I would get more calls after hours from Hague than I would from Shultz. Because you know, finally he'd get home, he'd sit down, he'd have his dinner, have a drink, and he'd start thinking of things. And then he'd start to want to talk to some of the other principals and do various things. Shultz did not do that nearly as often. He would -- I think he would allow it to percolate. So that's where I think their style was a little bit different. But I liked both of them, you know, and considering the fact they're both rock ribbed Republicans and I'm a liberal, I nevertheless thought they were both good secretaries.

Q: Now a couple of other emergencies appeared at the time that you're in the Operation Center. On June the 6th, Israel invaded Lebanon. How'd the Op Center find out about that?

STERN: I don't remember. I may not have been on duty then.

Q: Mm-hmm. So by the time you got there the task forces had been set up and –

STERN: Yeah. You know, again, it could have been on one of my two days off, it could have happened on a shift that I wasn't on. And by the time I walked in it was a fait accompli. I don't remember being involved in that one in the least, and obviously it's important, and if it had happened on my watch I would have been. Didn't happen on my watch.

Q: Now, the other thing the secretary does is travel.

STERN: Yeah.

Q: Overseas.

STERN: Oh boy.

Q: Does the Op Center have any responsibility for that?

STERN: Yes.

Q: What is that responsibility?

STERN: Well, again, going back to the old days, we would set up what we call a to-sec and a sec-to.

Q: These are cable systems.

STERN: Right. And there would be a separate communications where we would message to the secretary's party were all numbered to sec-one, to sec-two, to sec-three and so on. And sec-to messages from him back, again, were all numbered, and we kept a log. And very often, again, they would use us to reach out to somebody else because we had everything all around us and the electronics of those days were more permanent so it was easier for them to call from their operations room, their control room in Paris, for example and say this is what they wanted done and then, you know, we would do it for them. So we were always at the secretary's beck and call and the deputy secretary's beck and call, wherever they went. And worked out well. I mean it was State -- you know, they had a staff that they took with them who were, you know, very experienced in this. It just added in a layer of work.

Q: Now, the people that traveled with the secretary were not the Op Center people, but they were another office.

STERN: That's right, who had called the line.

Q: Called the line, SSS.

STERN: Yeah. 96

Q: So they'd be the people overseas, traveling with the secretary and they would be his in-house Op Center to connect him with the outside world.

STERN: Yeah. Now, it would be his senior staff, some senior staff people and a lot of fairly junior officers who would man the control room 24/7. I'm sure you've done control room duty at some point in your career, as we all have. So you know some of the people who you would see there. And that was great because they were the ones who actually did all the work setting up the trip, then going along and then breaking it down. We just monitored the traffic and whatnot, did not get involved in the nitty gritty. Thank God, because we had enough to do. But the secretary traveled a lot. There were -- oh, there were some things that went on that I shouldn't talk about.

Q: (laughs) Bremer's deputy was Clayton McManaway?

STERN: One of his two. Clay McManaway and Al --

Q: Adams.

STERN: Pardon?

Q: Al Adams.

STERN: Yeah. Al was a very nice guy, but a rubber stamp. Clay was not as nice but equally

pliable. He was Mr. Teflon hands. And he would never take any responsibility. So he was perfect. Jerry took him with him to Iraq. As soon as I saw that I said, "Oh my God." All of those who knew Clay McManaway thought that he was really an empty vessel. He once gave me instructions to do something – I don't recall specifically what I was, but I didn't like it and I thought it was wrong. And I said, "I'll be happy to do it, but I need something in writing so I can pass it on to my relief." Nothing ever came of it. He would never put anything in writing. And we were not ever to call him. We were always to call Jerry, as I mentioned earlier.

Q: I was going to say, one of the shocks that must have come through was April 19, 1983, a car bomb blows up the embassy in Beirut.

STERN: Yes. I remember that. We set up a task force on that very quickly and at that point – - one thing I think you have to understand is that after we got the initial notification and had made the alerts and the task force had been set up, it passed out of our hands. We were no longer in the loop.

Q: So you were particularly on duty at the instant this event was reported.

STERN: I don't remember. I can't remember. I think not because I think if I had been I would have remembered it. It would certainly be way out of the ordinary and so I think that I would want -- I would remember. I certainly remember the Iraq thing and a few of the other things that happened when I was on, but –

Q: Well, tell us about that.

STERN: Well, well, I got the call -- trying to remember from whom -- saying that -- I guess it was from Baghdad -- saying that the nuclear reactor -- this was on a Sunday -- had just been taken out and it was believed it was done by Israeli aircraft. And that all they knew was that there'd been massive explosions there, aircraft had been seen. But they didn't know more than that at that point, who was in it, was there nuclear fuel, you know, we didn't know anything. So the first thing was a mad scramble to notify the secretary, the deputy secretary, the assistant secretary for NEA, the nonproliferation people, and so on, and to try to then get the embassy on the phone to see how much more they could tell us. And they of course were trying to figure out a cable. And then we slowly learned that the Israelis had deliberately picked a time when there would be almost nobody in the thing, on a Sunday morning when everybody would be off shift, the place would be virtually empty. And it was two weeks before they were supposed to install fuel rods. So there was no nuclear damage, there was no radiation, there was nothing. It was one of the rare occasions when a surgical strike was exactly that, it was a surgical strike. I think at first the Israelis did not take credit for it. You know, who us? And with everybody else saying, "Who else?" You know, who else, who else would do it? EUR was in on this because it was the French that were building this reactor and there were French technicians. But they were off. It was Sunday so none of the French technicians were there and there was no collateral damage as I learned to say. So it was, it was one of these things, which was very, very interesting in that upfront we and everybody else was saying, "Oh, bad, bad boy" *(makes slapping sounds)*. All the back channel was wow, great job. Up front it was *click, click, click, click, click.* Just a slight bit of hypocrisy, but you know, understandable. I mean we, we could hardly upfront say, "We think it's a great thing that one country attacked another country and blew up its reactor, which was for

scientific research." But everybody breathed a lot easier after it was done. And the back channel stuff and the stuff we were getting in from all our other embassies said that all the other governments thought it was great, including Saudi Arabia and some of the others out there. Because they weren't thrilled with the idea of the Iraqis having a bomb. But we didn't set up a task force for it. Because basically it was a fait accompli. It was over.

Q: Right. It's a one off --

STERN: Yeah, one off. What are you going to do about it? So I doubt if we set up a task force for it. .

Q: Because I would assume when Israel went into Lebanon there'd be a task force --

STERN: Definitely.

Q: Because you'd have to worry about American citizens.

STERN: Yes, yes.

Q: It was obviously a circumstance that was going to go on for a long time.

STERN: Yes. As I say, the initial going in did not have happen on any watch that I was on, so when I came back on board it was already a going venture in another room and I had no direct responsibility for it. I might pass a message back and forth, but peripherally. The task force operated independently and took all the responsibility. We had done the alerting and the handoff, so the op center was done.

Q: Now, the April 18th car bomb on Embassy Beirut, starting the Lebanon crisis, I mean a week later the secretary of state is doing shuttle diplomacy to all the Middle East capitals.

STERN: Yeah.

Q: The Op Center is following him, but not --

STERN: Again, we're not -- remember, the op center is not a policy institution. It's a staff. We don't make policy. We may have indirect influence in that because of choosing which cables we think should be pushed on. We may have an indirect effect on what people do. But we were not there to make policy, we were there to staff and support those who did make the policy. And, but once we got past the first major alerting stage, and everybody who should know knew, and the task force was set up, we were out of it. We were out of the loop completely.

Q: Must have been a very emotional time, attack on our embassy.

STERN: Yeah. It was. It was very emotional. I mean we all had friends out there and -- at the same time car bombs were starting to become -- I don't want to say ubiquitous, but not all that unusual in that part of the world. The thing that I think most upset most of us was the fact that it was preventable. The road that runs along the corniche and down to where some of the fancy luxury housing is goes past where the embassy is and all. The security people -- SY

in those days, DS today -- had shipped all the equipment in to put in the various roadblocks and, you know, these delta barriers and so forth where people would have to be stopped and whatnot. Well, a lot of the influential Lebanese bitched mightily about it over the inconvenience they were being put to, so it didn't get put up, which allowed the truck bomb to go at speed because it didn't have to make these sharp doglegs and stop to hit the embassy. It should never have happened. But SY was right on it, they told them exactly what to do, they had the equipment and everything, it just wasn't installed.

Q: Another event, similar to the Sadat assassination was Ninoy Aquino in the Philippines.

STERN: That hadn't actually -- of course I knew Ninoy.

Q: Yes. It was August 21, '83. Were you still on duty then?

STERN: Oh gosh.

Q: Or had you left to the SOP writing duties?

STERN: Oh, let's see. I think I was writing because September I moved into S/CT. No, as a matter fact, I wasn't writing. What happened was because after 20 months my assignment was finished, and my next assignment would not begin until four months later --

Q: You needed a bridge.

STERN: I needed a bridge. So I went to the Board of Examiners as a deputy examiner for four months as a bridge assignment, and I gave the oral exams for four months. Which was very, very interesting. I had to take a course on the psychology of testing which was very interesting. You know, one thing about the Foreign Service is you learn the most amazing range of things, that would never occur to you. They had a psychologist who worked for the board, and I spent a lot of time with him, he kind of tutored me. I wrote various papers and did various things, and then I had to take the inbox thing for the orals to see what it was like, and it was very interesting. I enjoyed the four months. I wouldn't want to do it for two years, but four months was great.

Q: Now, let's get to this Board of Examiners experience. They're a part of personnel?

STERN: Well, in those days they worked down at the Director General's office who heads up what passes for a personnel system in the State Department. I have no idea what the system is today.

Q: But the Board of Examiners is supposed to run the oral exam?

STERN: Yeah, they're responsible for getting the written down and all that sort of stuff, and they have a civil service staff that handles all of that part of it. Then you have a small group of FSO's and even some retired FSO's, you know, some WAE types, even way back then, who administer the orals. And also do the final review process. Now, back when you and I took the test we took a very long written and a relatively short oral. Today's the other way around. It's a four-hour written and an all-day oral. And again, back in the '60s when I sat down to the oral, they knew all about me. They'd already read my bio. Today nobody could -

- the examiners don't see any of that. They don't know anything about the person. And as a matter of fact, on the day when I would be chairman for the day -- we would rotate the chairmanship -- the first thing I did when I talked to the group that was going to be examined that day is, all I know about you is your name. I don't want to know anything else. I don't want to know if you're married, I don't know want to know where you went to school, I don't want to know anything. Don't prejudice me, you know?

Q: So that was interesting. I mean you spoke to the group –

STERN: Yes.

Q; -- of potential interviewees before you even started.

STERN: Yes, right.

Q: That's new to me.

STERN: Yeah.

Q: And this was all -- this presentation was to make things less discriminatory as possible?

STERN: Well, yeah, the idea was, look, you start telling me that you have all these degrees from all these prestigious institutions, you're going to put in my head the thought that your answers had better be of a Nobel prize level, and if they're not, I'm going to fail you. Don't do that. Don't put that thought in my head. On the other hand, if you went to Podunk-U, I don't want the expectation that you don't know anything because you went to Podunk. Don't put that in my head. Don't give me self-fulfilling prophecies. All I want to know is you're a candidate and you have a right to be here, period. And then we'll see what your answers are. But do not give me any personal information at all, I don't want it. And it is in your interest not to give it to me. And we would each make that little presentation. Now, what that means is if a person passes the oral, and then they pass the security and the physical, everything comes together in the final review package. And now we have the biography of the individual. We have the statement on why he or she wanted to join the Foreign Service, and we have the comments of all the people who knew him who responded on the security check. Four officers who had no previous involvement with this individual, who did not take part in the oral, sequentially get the package. And we are looking for suitability. Is this person suitable for the Foreign Service? We had one young man who had done quite well on the written, had done quite well on the orals, and his composite score was pretty good -- very good. We read his bio and got a little nervous because he was talking about how he had had some problems with jobs early on and people, didn't like him because he was smarter than they were and so on and so forth, you know, and he was kind of egotistic and self protective -- so that caught my eye. Then I read the FBI reports, agents had interviewed the people he had worked for. And to a man they were very nice about him. They said, "Well yeah, we let him go. But you know, he was just a kid. He was immature. Smart as hell, but you know, I'm sure he's got those rough edges off by now, I think he'd do a great job for you." I mean they were all very nice. But he was sure that everybody was after him and he was going to stick it to them before they could stick it to him. So I failed him. But I put that in an envelope and sealed it and then I pass it to the next person. And I don't say a word, I don't say what I think or anything else. And again, we would -- be four of us, we would rotate who would be the

chairman. So it was my day, I'd open it up, and you have to have at least a five to pass, a 4.9 is failure. If three pass and one fails, you have a conference. Because we seek consensus. What did you see that turned you off? And we'll discuss it. And maybe we'll say well, you know, we all saw that too, but we didn't think it was that important because -- the other guy will say, "Well, if you guys feel that way, fine, I'll give him a five." Or, "No, I think that's important," and that's it. Two or more 4.9's, goodbye. Well, this guy got four 4.9's, so we all saw the same thing. But we just felt that he wasn't suitable. We had a young woman who -- brilliant, had a doctorate, had aced the written, aced the oral, but she slept around a lot. And well, we didn't really give a damn about that, but she slept with married men. And she would be poison in a small post. She would destroy it. And she even had some affairs with some Eastern Europeans. We all agreed that *no*. No. We're not, we're not sending her out.

Q: Now, in this job of interviewing, how did the Bureau of Examiners prep you guys?

STERN: OK. Well, basically, there were -- one, two, three parts to the orals -- four parts. In the morning, we would pair up and I and another examiner would be given three people to interview, one at nine, one at 10, one at 11. And for an hour we would ask them questions. We had a list of previously vetted questions that the psychologist and everyone else had agreed were neutral. Nothing in there loaded, they were good solid questions that we could reasonably ask of a person who wanted to come in the Foreign Service and we had a range. We could pick and choose from these questions and we could follow up. Then in the afternoon, that same person would be part of a group exercise and two examiners who had not seen him in the morning would monitor that so that you had both a morning rating and an afternoon rating. The morning rating would talk about knowledge and ability to present themselves, you know, make a decent argument. The afternoon one would talk about the group dynamic, how well they work in a group, how well they meet goals that are set, collegiality and all that. So sometimes a person would perform fabulously in one and bomb in another. And sometimes they'd bomb in both and sometimes they were great in both. We were looking for the ones that were great in both. There is obviously an element of subjectivity because we're human beings. What amazed me was how close our marks were, because after the day was over, and they were taking an in basket test which would be scored later by somebody else, the four of us, the team, would sit in a room and one by one we would give scores. And it was amazing how the scores would be so close. Once in a while you'd get an outlier, but rarely, rarely did you see somebody say, everybody say give a six and somebody give a three. Uh-huh. What you'd get is five-five, five-six, five-four, you know, very clustered. On the occasions when they weren't clustered, then we would have a discussion. You know, what about this got you? You know, what -- and so on. But that was very unusual. I would say it was surprising to me how much we agreed and not having discussed it at all -- we did all this privately, we wrote our remarks down and put it in a sealed envelope and handed it into the chairman.

Q: Now, did you conduct these interviews in Washington or around the country?

STERN: Both. More in Washington than anywhere else, but I also did it in California, in Chicago and Boston in federal buildings, they'd find us a couple of extra empty rooms so we'd do it on the cheap.

Q: Were you aware of, of whether or not teams were sent down into the South or were they

mostly collected in --

STERN: Oh, it would be -- there were certain locations. D.C. would handle a certain number of states surrounding it. I think -- so long ago -- I think there was one in Florida and I think there was one in Texas. But again, you know, like four or five states. But where -- they would determine it based on where the applicants came from and overwhelmingly the applicants came from the two coasts. Yes, there were exceptions, but I would say three-fourths or more of the applicants came from the coasts. So if you came from Nebraska, you were going to California for your exams; the number of people out in that part of the country would not justify sending a team.

Q: Who was on the panels with you? Must have rotated a number of guys.

STERN: Well, whole bunch of FSO's would come in and go out. Number of them were like me on bridge. Others were doing this as a two-year tour and whatnot. One of them I'm still very good friends with, Ed Cohen.

Q: Hm?

STERN: Ed Cohen. He retired as a minister counselor. Didn't hurt him being on the board *(laughs)*. He was DCM in Athens. Actually I served with him twice, also served with him in the ARA.

Q: All right. We're returning to our conversation with Bob Stern. Today is the 27th of July. Bob, we ended with you leaving the Op Center and doing a short four months with the Board of Examiners. Your next assignment then in '84 is on counterterrorism issues. How did that possibility come up?

STERN: Basically, during my period in the Op Center, it coincided with the increase in terrorism, primarily in Europe and Lebanon where we saw groups like the Red Army Faction, the Communist Cells, the Action Direct in France, and some of the groups in Lebanon began hijacking aircraft. So as this was new, we were getting hit with it and helping to set up the task forces to deal with it. So as a result, I and the other people who were in the Op Center at the time became exposed to some of the earliest of the hijackings and the beginning of the development of doctrine, what are we going to do about it. So it was kind of a natural segue because I had been working with the people in S/CT when an opening came up there and they said, "Bob, you're coming out of the Op Center, why don't you bid on this opening because you already have background?" So it was kind of a natural segue to go in there. And I went in to work for -- the deputy director was Terry Arnold who had been my boss years before in the Philippines when he was the economic counselor, and the director himself was Ambassador Bob Sayre.

Q: Now, let's get some dates in this. When did you take this assignment?

STERN: This assignment I would have gone into, would have been the summer of '83 actually. It's '83 to '86 that I would --

Q: Really? I've got '84 to '86.

STERN: No, I was there three years. It was a two-year assignment, I was extended to three.

Q: Hm.

STERN: Because in ’86 I went to Korea.

Q: Right.

STERN: So it was ’83 to ’86 that I was in S/CT. Initially, I was the NBC officer, Nuclear, Biological Chemical. So as I had discovered many years before when I was made an energy affairs officer and didn’t know anything, I determined that the best way to do my job was to find people who did know these things who would be willing to spend a lot of time with me. So I had liaison names and I flew out to Los Alamos and to Sandia in New Mexico to the national laboratories there, and I spent two weeks with a variety of specialist and experts on the nuclear non-conventional sides with them giving what amounted to tutorials. So that I could be an effective liaison. I wasn’t a nuclear engineer, I wasn’t a physicist or anything like that. I don’t want to gild that lily. But what it did was get me to understand what it was that they were responsible for and did, what were their strengths and liabilities. I got to meet and work with the nuclear emergency search teams and understand their functions, and see some of the research that was being done in Sandia. This was the early days when we were developing the barriers, physical barriers to car bombs and things of that nature. And a lot of that was being tested in Sandia. So I had the opportunity to watch some of it and get it explained to me. And then when I came back from there, I flew to Atlanta and I spent two weeks with the Centers for Disease Control, one week with the chemical side, and one week with the biological side, and again got these tutorials with people explaining to me, as best they could working with a liberal arts dummy, what it takes to mount a chemical attack, to mount a biological attack, the strengths and the weaknesses, the likelihoods, the possibilities, and what we could do about it. And this led us to work with them and the U.S. Public Health Service to try to develop a plan to deal with such an attack should it happen, working with hospitals, looking at where you could locate facilities if you needed them in a hurry, for hospital beds, for plasma, for all of the various things. And we began developing a national plan for that. So again, the ability to go to the experts, the people who truly understood these things, and have them be willing to spend time with me to give me a reasonable patina so that I wasn’t -- I didn’t look like a fool and I could really -- I could represent the State Department and I could explain to my masters in State who they should be looking to, what they could expect to get, and so on, under given circumstances. And of course I worked with the agency’s people in the same area as well. So that was a very interesting operation, and I thought that’s what I was going to be doing for my whole three years. But life is funny. FSI, the Foreign Service Institute, had set up a contract with a small company to try to develop an exercise for crisis management for embassies abroad. And FSI was running the thing, and they were getting ready to do one in India, and my boss asked me to go along. He says, “Go on, see what you think of it. Come back and tell me whether you think it’s something that S/CT should get involved in.” So I did and I went there and I was rather disappointed in the way it was being done. In my rarely humble opinion, I thought they were doing a fire drill and that they were missing the value that they could have, they were missing the point of training people to deal with crisis. Now, crisis management is a misnomer, it’s an oxymoron. You don’t manage a crisis; you mitigate it.

What you do is you try to develop SOP’s in advance.. If you look at the kinds of crises that

occur, both manmade and natural disaster, there's a whole range of things in common that you can predict. You can predict that if there's going to be an earthquake certain things are going to happen. If it's a typhoon, certain things are going to happen, and so on, and so on. And if you sit down and you work with that, you can probably come up with an SOP covering 90 percent of the problem. The other 10 percent you can't plan for. But if you've got the 90 percent covered you have time to think about the 10 percent. It's like the old alligators in the swamp. My idea was that anybody who goes into the swamp and doesn't know there are alligators there is an idiot. So that the first thing you do is you plan for alligators. That's the 90 percent. And that gives you time to deal with what you cannot predict. So we began to develop a model crisis management manual for embassies and we got FSI to turn their exercise program over to us and the budget over to us. And I suddenly found myself the chairman of the interdepartmental group on terrorism's exercise committee, which was responsible for developing all national level terrorist exercises, counterterrorist exercises. And developing this crisis management exercise program to take to the field by taking it from a fire drill to a policy instrument. And so for most of the next few years, I had a traveling circus where I had groups going around the world putting on these exercises -- I went on many of them as well, And doing quarterly lessons learned reports in which we would scrub the names. Because this was all no-fault. The idea was not to demonstrate how good we were, but rather to find out what we didn't know. And the only way you could do that is by making people confident that we're not going to put the finger at them. We're not here to say, "Ah, you didn't do this." We're here to say, "OK, this wasn't done. Why? And what can we do to make sure in the future it is done? What would have helped you do that?"

And these lessons learned, which came out quarterly, were very well received, and the program itself was very well received. Bob Sayre had been replaced by Bob Oakley. And I gave Bob a complete briefing on what I thought I wanted to do and how I wanted to do it, and he essentially gave me carte blanche. He says, "I like the idea, go run with it. I'm giving you a budget. Go do it." So I arranged to meet with representatives of all of the CINCs, you know, European Command, Pacific Command, Special Operations Command. And they agreed to give me an officer to put on every single team that we would send out to do an embassy crisis management program, so that I would have an experienced special operator from every one of those commands going with us and playing the various roles in the exercise. But doing it with bringing their specialized military background and all, so if we were going to do a NEO: a noncombatant evacuation, these were the guys. If we wanted to bring people in to take something down, these were the guys who knew how to set it up and so forth. So we got a high degree of verisimilitude because these people knew what they were doing. We didn't try to have an FSO play a delta force guy because we wanted a Delta Force guy to play a Delta Force guy. And we developed -- S/CT, we developed a great relationship with Special Operations Command. We were very close. And I spent a reasonable amount of time bouncing back and forth with the Pentagon to work with them on all the setup things and we worked jointly with their exercises. And also with the Department of Energy because they would do a nuclear exercise once a year out in the desert of Nevada, Jackass Flats area. So I'd go out to Las Vegas periodically, because that's where they have their big operation, DOE, and then we'd go out to the desert. The FBI would be the lead agency for anything in the U.S. And we would run a variety of simulated programs. So it was an extraordinary three years. I had the great good fortune of working for some of the very best people I have ever worked for, Bob Oakley and Terry Arnold, Parker Borg, three truly outstanding senior officers. And the nice thing was that they understood what it was I was trying to do. And they not only gave me free reign, but they gave me ideas and they helped me. They smoothed the

way for me in a lot of -- because you know, I was relatively junior still. I was an 02 when I began this and I got promoted to 01 and then Bob created a new slot, associate director, for me.

Q: Now, one of the things that's intriguing to me is because I was looking at the State Department phonebook was that at first, the office were combating terrorism was under management, was under Secretary of Management. So it was M/CT. and then it moved?

STERN: Well, it moved twice. It was also under the deputy. It was also D/CT. And finally it became S/CT under the secretary.

Q: And this is because State was trying to find an administrator format to handle the problem of counterterrorism?

STERN: Well, a lot of this happened before I got on board, so I can only give you my best guess. Initially, putting it under M was thinking of it more as a management function rather than active function. In those days, terrorism was really small potatoes. And it was primarily in Europe. The little that we had in the United States with such groups like the Sudanese Liberation Army or the Black Panthers or the Puerto Rican National Front, none of which amounted to anything and could be handled -- and were handled rather easily -- by police. Overseas the biggest problems were in places like Germany, Belgium, France, Italy. But they had pretty good units that were taking care of that, and it didn't really spill over to affect U.S. interests much. So we didn't dedicate that many resources to it. But then when they started hijacking airplanes, and they were TWA airplanes, that we began to say ah-ha, you know, we have skin in this game. And that's when they started moving it around and first it put under D and then they said no. It was originally, quote, "S/CTP," which is Counterterrorism and Emergency Programs. Then just shortened it to just S/CT.

There was an interdepartmental group on terrorism, which the director of S/CT chaired. And there were various committees under it, and as I mentioned before, I chaired the exercise committee. It was I think without question the most interesting and rewarding three years of my whole career.

Q: Now, who would be on this exercise committee?

STERN: I would have somebody from CIA, DIA, Department of Energy, NSC, Department of Transportation, Department of Commerce, the Public Health Service, the Pentagon of course, National Military Command Center. So it was a good sized group, FBI -- covering, you know, all of the agencies in the U.S. that had any equity, any stake in counterterrorism. Whether it be domestic or foreign.

Q: And how often did it meet?

STERN: Oh, once a month. And one of the interesting things, for example, one meeting -- the military rep said, "I brought along a guy from the Military Airlift Command, which is now Air Mobility Command, from St. Louis, who has an idea he'd like to raise with you." Sure. This guy pointed out that we had a protocol, an SOP, for dealing with hijackings of civilian aircraft. If it happened in the United States, the FBI was the lead agency, and people were trained to deal with this. If the civilian aircraft was hijacked abroad, again, we had a variety

of SOPs to cover that., but essentially, the host country has the responsibility and we would offer assistance. “But what happens if it’s a MAC aircraft? What if somebody wants to hijack a MAC aircraft on a U.S. installation overseas? And we have a lot of those. We’re ferrying dependents and everything else back and forth, Germany, Japan, Okinawa, Korea, Italy. Ah, what happens if somebody grabs one of those? What do we do? Who’s in charge? Who does what to whom?”

I said, “I haven’t got the faintest idea. We never thought about that.”

He says, “Well,” he says, “that’s what I thought.” He said, “I think we should be thinking about it.”

And I said, “You know, you’re right.” I said, “This is something that *(laughs),* you know, wow. It’s a great big black hole.” So I did a, a short memorandum to my boss, info-ing everybody else, explaining what this guy had brought up and that I endorsed it and that the committee endorsed it and that I wanted their approval to go to the embassy in Bonn and then to the Germans and work out a joint bilateral first ever exercise with the *mac jack,* as it were. It took a little over a year to put together because there was a lot of resistance. The Germans didn’t like the idea of an exercise that would be no fault and no notice. They wanted everything to be scripted, and the idea that somebody might show his ass on that, they didn’t like that at all. The embassy, frankly, all they wanted to worry about was the usual crap with the Russians coming across the Fulda Gap and couldn’t get them terribly interested. I was really disappointed with the people in Bonn, but I kept pushing, kept pushing, kept pushing. And it turned out to be an amazing thing. We finally did it as a full field exercise where the Air Force put in several thousand people and the Germans put in hundreds. And I mean this was quite a thing. But what was interesting was we’re having a meeting in the embassy in Bonn, the first one where we have members of the German government, the embassy, myself. And you have representatives from the federal government and representatives from the lande (province) of Rheinland-Pfalz, which is where Ramstein AB is because we had decided Ramstein was where we were going to do it because lots of MAC aircraft go in and out of Ramstein, so it was a legitimate place. I laid it out first that this was basically what we were hoping to do and that we understood from the agreements, the SOFA, that we had with Germany, that if criminal activity happened on the base that was not line of duty the responsible responding party would be German. So for example, if somebody came on base and tried to rob the bank, we might call in our MP’s, our security police initially, and they would be first responders, but they would be bringing the German police in behind them to take over. So I said, “So what we’re going to be looking at here is how this thing evolves starting with the first people recognizing we have a problem. Who do they call and so on, how does it work its way down through the German chain until, you know, your SWAT people come in?” And I’ve got the polizei president of the lande and the Ministry of the Interior for the lande_ there, and they’re going ba-ba-ba-bum, you know. And the minister turns to me and he says, “Heir *Shtern*, we have a problem.” He says, “We have an” -- well, first of all, let me back up a bit. My initial thought was that the German federal government has a group called the GSG9. They are their Delta Force and they are excellent and I had working relations with them. And my assumption initially would be that they would be called in and they would be the guys who would take the aircraft down. But it was now explained to me, however, that because Germany is a federal republic, the police force in Rhineland Pfalz would have the responsibility, not the federal government.

I said, “OK, you guys have a great SWAT team.”

And he said, “Yes, we have a great SWAT team.” “But we have no civil airports in Rhineland Pfalz. Therefore our people never trained on aircraft hijackings. We have *zero* experience and ability.” Ah-ha. That came out of the blue, but another great example of why you do exercises. Gee, look what I’ve just learned. So we said OK, is there a system wherein if you’re overwhelmed, you can reach out to the federal government and seek assistance? “We have something like that in the U.S., called *posse comitatus* where a state can ask for aid to the civil power. Do you have a similar thing within your laws that would allow you to upgrade this? To say we can’t handle this, this is beyond our range of expertise. We need the specialists.”

So they put their heads together again and said, “We think we can figure a way out of it,” OK? So we have several more meetings over the next few months and we got the whole thing put together. And we finally held it. It was an excellent thing. Because we discovered all kinds of issues and problems dealing with -- in a foreign country. And this was a no-notice exercise. We had trained -- we had what we called trusted agents at key points so people wouldn’t start shooting other people. But when it happened, which was at 4:00 in the morning, and this airplane was going to take off; a DC-10, was going to take off from Ramstein full of dependents back to the U.S., suddenly they notify the tower, “We’ve been hijacked. There’s a guy in the cockpit with a gun!" And the guy in the tower, just about had a heart attack. The last thing he was thinking of. And the amount of lag time as each successive line of authority has to be brought in and has to start to think oh my God, I better push this up another notch, we wasted hours before it reached the true decision level authority, which taught us something. We have to bypass all those levels. That if we follow normal chain of command procedures, there are going to be bodies all over the place before we get anything done. Therefore, in an extremist situation, the SOP’s going to read that if you’re in the tower and you get notified, you do *not* call your immediate superior. You go all the way up, and you call this person, and here’s the phone number. *After* you have notified him you then call your immediate superior. And that moved the ball a lot faster. So now we’ve never actually had one of those things happen. Yet. But the lessons that we learned from that went into the quarterly cable, as they apply in a lot of other areas as well. In that it is so human that when you are suddenly confronted with things like that, you don’t want to take immediate action, you’re not sure what you should do, you better call your boss. And if your boss is relatively low ranking, he wants to call his boss. You can’t afford that time.

Now, embassies are a lot smaller, you can move more quickly. But we wrote the SOP’s for embassies on the assumption that the duty officer would be the most junior officer most recently arrived at post and knew the least. He had to be able to act intelligently, even though he was still trying to figure out which way was north. Therefore, we have got to give him an intelligent set of operating procedures so that after he goes nuts he has something to read, do this. And it was great because you got a chance to really see all facets of human nature, all different ways people respond. We learned as much from the people we were teaching as they learned from us, because they sometimes had ideas that were better than the ones we had, so we would change the script to incorporate their ideas. And we kept telling everybody we are not training embassies, we are training people, because people move. We want them to take this knowledge wherever they go. They will have to adapt it because, every embassy’s a little bit different, every host country’s a little bit different. But at least you get the basics.

Q: Now, these exercises that you're running, were they being run embassy by embassy?

STERN: Yeah. Basically, take our small team out to embassy X and we would have -- before we went out we would have written a scenario, a script, and we would have worked with the desk officers to get as much factual material as we could so that, for example, what is a rational threat? We did Canada. OK, had to go back to the '80s, but what is a rational threat from Canada? And in those days the real threat -- let me try to remember it now, there was one. It was the --

Q: It could be a separatist, the FLN or --

STERN: No, it wasn't then. It was another group. It was Armenians who were after the Turks and were blowing things up in Canada.

Q: Oh yeah.

STERN: Remember that?

Q: Mm-hmm.

STERN: And we were big supporters of the Turks, and our embassy in those days was across the street from parliament, and it was right on the street front if you've ever been up there.

Q: Mm-hmm.

STERN: So what we did is -- and there'd been some incidents, you know, like Detroit and Windsor and places like that. So we wove all that in to make it reasonable that this is a threat that could actually occur. You know, we didn't want to come up with the idea that, you know, lightning is going to strike sort of nonsense. But what is something that you could reasonably expect that you could find yourself in? And so each exercise was tailored for the individual embassy, and we would bring in senior people from the consulates if there were consulates, to be observers in this as well, so they could take it back to their posts. And it was interesting in that many times the ambassador would say, "Well you know, great, happy to have you here. But you know, I'm very, very busy. I'm not going to be able to take part in this ." Then we couldn't get him out of the room. I mean they just got so into it. And then we would usually either kill off the ambassador, or the DCM, and we'd some way take out the whole senior leadership sometimes , we'd have the ambassador kidnapped and the DCM on leave. Who's in charge? Who takes over? What do you do? Now, in some places it worked very well. They knew who was going to be in charge, that he was responsible, he stepped up, he did things. A couple of posts nobody did anything. I mean Jakarta was the worst. I mean we were throwing bodies out the window and we couldn't get anybody to respond, because the ambassador there did not allow anybody to do anything without him. He was really a micromanager. And his DCM and his counselors were so used to not doing anything that that's what they did: nothing. And that was a tough exercise because essentially everybody died.

Q: Who was this?

STERN: Trying to remember. It'll come to me. It's such a long time ago.

Q: Yeah. We can look it up too.

STERN: Yeah. Anyway, so again, basically for that post, we had to write up an SOP which said, "The ambassador is not present. DCM takes over." Gee, what a surprise. "If neither the ambassador nor the DCM, the political counselor will become de facto chargé, with all the powers, da-da-da-da-da." But you know, we had to write that in.

Q: Because I would imagine since the State Department promotion system is somewhat like the military you might have gotten into a fight, well, I've been at post longer or I've been an 01 longer.

STERN: Well, this is the problem. You don't want that. Therefore, you're absolutely right. What we don't want is this game of chicken or game of rank or any of that crap. What we want is a specific chain of command set up in the operating procedures. And there it is, black and white, right? Black letter law, he takes over. Period. And if he dies, this is the next guy.

Q: That must have been kind of interesting as you went from embassy to embassy, because you're making administrative policy on the line of succession.

STERN: Yeah. Looking back on it we were fairly high handed in some ways, but we got away with it because it made sense. And it was one of these things where nobody could argue the idea that you had to have somebody to turn to. *Somebody* had to be in charge. Now, the bad thing, of course, is that by writing that the political counselor would be number three, it might well be the econ counselor was a far better person, but we wouldn't know that. You know, when I was in the Philippines, for example, the consul general was the guy who became acting DCM because he was so good. But you have to have a plan. And you cannot possibly plan for every eventuality. And sometimes the guy you pick will freeze, some people cannot make decisions under pressure. But you do the best you can and at least you try to set up a predictable chain-of-command.

Q: Returning to our conversation on the 27th of July. I was asking -- now, how many embassies did you manage to get to and did you cover all the -- how did you select where you needed to go?

STERN: Well, a lot -- initially it was hard because embassies were reluctant because they were afraid, that despite our saying it's no fault and everything else, there was nervousness that they might be held to account. So initially we had to pick embassies where we knew there was significant risk. And they had less ability to say no, we don't want to be trained because they were in a high risk area. But as I pointed out, the fact that it was a high risk area usually meant they had a lot of coverage from the police and military of the host country. And it was more likely that the bad guys are going to pick soft targets. Of course later on that proved to be true when they went after some of our embassies in Africa where nominally there were no problems. So what we tried to do was to sell the idea that we're not training an embassy per se, although the embassy will be our vehicle, we are training people who will take these lessons with them wherever they go. And that the idea is to teach people how to work under a variety of conditions, which they may meet at any time in any assignment, and that they in turn can pass on to other people. So the first year we only did maybe half a dozen and we're doing the quarterly report. But by the second year, word of mouth had spread that

this was a good thing. Ambassadors, had these meetings where all the area ambassadors would meet once a year. And they were saying hey, you know, this was good. You ought to have this at your place and so on. We liked it. And we suddenly started getting messages from posts saying me, me, me, me, which was very rewarding. So given our budget and the number of people we had to work with, we had a team that did Latin America, we had a team that did Asia, we had a team that did Africa, we had a team that did Europe. But these were labor intensive and costly. So we were doing maybe 15 to 20 a year, at most. But again, often inviting other posts to send somebody from nearby to watch, and we got a lot of mileage out of the quarterly lessons learned, because that went ALDAC. So it was very well received.

Q: Now, were you on one specific team, or you --

STERN: Well, I was moved around because I was, the controller and director. And I would pick certain ones that I wanted to go on because I thought they would pose interesting problems. And I wanted to see different parts of the world to see if there was something really significant that I could pick out that makes this different, this atmosphere. And of course the European posts and many of the Asian posts, we could count on the host countries to take their obligations very seriously and we would have police and military there every day. And when things heated up; when the word started to come out there would be a demonstration or anything else, they'd beef it up security instantly. So those were actually fairly low risk places. The ones we were more concerned with were where the central government didn't have that tight a grip over its police and military, and/or wasn't that thrilled with us to begin with, and would maybe take its time in coming to our rescue. Which is what happened in Islamabad some years ago, before I got into any of this. But you may recall that -- I don't remember the date, but I was either early '80s or late '70s, a number --

Q: September '79.

STERN: OK, you remember. This is when the Iranians rioted in Mecca and everybody said it was the Americans, and all of a sudden the Pakistani mob came out of nowhere and attacked the embassy and set it on fire and everybody into the safe room. And the Pakistani military took its own sweet time getting there. So you do remember that one. So this -- trying to understand and give the embassy a plan, a realistic one that you can depend on.

Q: Sounds like there's quite a bit of preparation the embassy would have to prep with the local government, we want to do this --

STERN: No. No. We didn't tell the local government anything. Everything was internal. The people who were running the exercise - the control group - played the local government as well as the State Department and would provide the injects into the exercise to get them moving. This was strictly an in-house operation.

Q: OK.

STERN: We kept it classified. The host government knew nothing. Because sometimes we were taking the position, don't count on these people. You know, we have to take things into our own hands because they can't get their finger on it. They will never come to our aid. And we don't trust them, things like that. Obviously that's not something you want publicized. So we had to be careful. And then too, we didn't want this thing in the press because it was so

easy to be misinterpreted. Why are they doing it here? What are they afraid of? You know, don't they trust us -- and you know, all of that sort of garbage. And if we tried to explain that this is something we're doing worldwide, you know, as a matter for all our posts or whatnot. No, no, no, not going to buy that. So we had to keep it fairly close hold. And it was absolutely fascinating. Then of course we had the '84 Olympics in Los Angeles. And I was the State Department representative at the Olympics because I had all of these relationships with all of the other agencies that would be involved. For example, DOE was there because, God forbid someone should try to get something radioactive in. DOT was there because hijacking airplanes. FBI was in charge. And then you had so many jurisdictions of police forces up and down California. So I had an office in the L.A. Police Department and I had another office in the federal building for the FBI and I spent half a day at each, getting all this stuff. So I learned all about the security for an Olympics. I mean other people were doing it all. I was the fly on the wall. I had no direct responsibilities other than, God forbid, a diplomatic incident happened, I would be the State Department representative to kind of try to smooth things over. Nothing happened so all I got to do was watch and see what other people were doing. I had no active role whatsoever. But it was one of the factors in why I went to Seoul next, because the '88 Olympics were going to be in Seoul and I had a lot of experience with that, so I was going to be the embassy's man for the '88 Olympics. It's funny how one thing leads to another.

Q: Now, Robert Oakley takes this job September of '84.

STERN: Mm-hmm.

Q: The office -- the whole concept of counterterrorism and this office and where it's put and how it gets established in the State Department, could you sort of speak to that? I mean why did they bring in Oakley?

STERN: Well, Bob Oakley was, of course you know he died fairly recently -- was one of the brightest and most energetic and willing to think out of the box senior guys I knew. He was tough, very, tough. He had very high standards, and he didn't like it if you backed down. I mean you better know what you're doing and stand up to him. He liked that. But he was willing to explore new ideas. He was open to new things. He was the kind of guy, I think, who was able to deal with a very broad variety of senior people within our own government and with a lot of other governments. He had an ability to be very likable, come across as extremely knowledgeable, which he was, very capable, which he was. I have great respect for him. And I think we were very lucky to have him. Because he put us on the map. And so -- under Sayre it wasn't really much of a go-go operation. It was kind of a caretaker. I wasn't that thrilled with him. But you know, again, different personality types. But Oakley, as I say, was the kind of guy who liked to stir the pot who liked -- was interested in getting ideas from people. He would prod all of his people. What do you think? What can you do? What else is -- how can we do this? He was very active, very, very fertile mind. And he got the best, I think, out of everybody in the office because of that. And he attracted some very good people. I kind of had my own tiny little empire of one because I ran that whole exercise and NBC thing, and I had no subordinates. It was me, me, and me. And the other guys did their things. But essentially I reported directly to the deputy director and the director, nobody else. And anecdotally -- this is I think interesting -- the first time I went to Germany to talk with European Command about the exercise I had mentioned previously, I was an 02 and I landed in Stuttgart, which is near where the headquarters is, and I was met by a carry-all and a

corporal. And he drove me to my hotel. I went back two months later and during that period the list had come out and I'd been promoted to 01. This time I was met by a staff car, a navy lieutenant commander escort officer, and a driver *(laughs)*, because I was now the equivalent of a full colonel.

Q: Right.

STERN: In the military. And I was also now the associate director of SCT. Because as soon as I'm a 1, Bob created the title of associate director for me because he wanted me to have a little more clout with the military, because he knows they're impressed with this sort of stuff.

Q: Now, as the program went on did you have -- were people added to your office/

STERN: No. My team was contractors -- I had this one company that I had a contract with. And otherwise pretty much I was a one-man band. I had my guys in the other agencies. I mean here was the fellow I dealt with at DOT, here was the fellow I dealt with at DOE, and so forth and so on, but within S/CT the only people I dealt with were the deputy director and the director.

Q: Now, was this contractor collocated with you?

STERN: No. They were in Rosslyn and I would go over there and work with them. But it would be the kind of thing where, let's say we decided we were going to go to Kuala Lumpur on a specific date. We would begin by having one or two of their people come over and start sitting down with the desk officer for KL, going over to Commerce and talking with the desk officer from KL, going over to the agency and speaking with the desk officer. And they had all the clearances and everything. And then we would start to design the specific scenario, which they would then bring to me. And what I would do is go through it to make sure that it was congruent with what the State Department wanted because as the people from the company were primarily ex-military, they tended to slant everything towards an evacuation. And that was not my point. That's why I thought FSI was wrong. I didn't want a fire drill. I mean fire drills are valuable. Fire drills are exercises. But I didn't want just that. I wanted people to be thinking what are our policy goals? And they would vary from post to post. And sometimes the most farfetched things turned out to be reality. When we were getting ready to do this India one, which is the very first one I ever went on -- this was still being run by FSI at the time -- I looked at the scenario and I didn't really think it had much oomph in it. So I asked the desk officer. I said, "What would be the most devastating thing to happen?" And you may recall, this was at a time when the Sikhs were at loggerheads with Indira Gandhi. And he said, "Well," he said, "the really dumbest thing the government could do would be to attack the Golden Temple because that would just send the Sikhs right up the wall."

I said, "Good, write that into the scenario!"

And he says, "No, no, no . You'll get laughed out of the embassy. Because that is so stupid because no Indian government would ever do anything that dumb. That would be like our government attacking the national cathedral. I mean it's just not going to happen." So I allowed myself to be talked out of it . And the rest is history.

Q: And we're laughing because of course that's exactly what they did.

STERN: That's exactly what happened. So ever since then, I never --

Q: In fact, that --

STERN: -- I've never allowed myself --

Q: And Indira was assassinated --

STERN: Exactly!

Q: -- for that act.

STERN: And then of course the stability of the Indian Army, which was heavily Sikh, and what it meant to the government -- *wow (laughs)*. And how does the embassy deal -- I mean it would have been a hell of an exercise if we had had that in there. But I let myself be talked out of it, I never allowed that again.

Q: Now, this is the Reagan administration on one hand. Was it -- the interest in counterterrorism was being driven by the events on the ground, not just because somebody thought it'd be a good idea. I mean you have -- the Embassy Beirut is bombed a couple of times during the 1980s. Kuwaiti Airlines' flight is hijacked. So this is a, this is an important new issue that State Department has to deal with and they put Bob Oakley in charge and Parker Borg as his principal director. How was the whole office organized? So it's Oakley on top, his principal deputy is Parker Borg. Who else is in this office?

STERN: The guy who was formerly the colonel in charge of the Marine Security Battalion was another deputy director. I was the only associate director *(laughs)* --

Q: (laughs)

STERN: -- I was *sui generis* in that I had my little office, I had my secretary, and I basically worked through Parker and through the colonel and didn't really work that much with other people in the office. I rarely had that much to do with them. They had their responsibilities and we didn't touch.

Q: And how did you perceive their responsibilities?

STERN: Well, they were doing country work, they were trying to look at threat levels in various areas, looking at more generic stuff. We were publishing an annual compendium of incidents and lessons learned. We were trying to develop some concept -- and it seems almost farcical now, but we thought then -- and I was one of them -- we thought then that there were really red lines that the bad guys wouldn't cross. Early on, all of the attacks, the kidnappings, the murders, the whatnot, were directed at males. Men. Women and children were not touched. During the hijackings and so forth, very -- it was very common for them to let the women and children off the airplane and keep the men as hostages. And we developed a theory along with psychologists and psychiatrists that the agency had had, that the culture which had frowned so much of their hurting women and children, that that was a line they wouldn't cross. And for a long time it was true. And then it wasn't true *(laughs)* anymore.

And of course we didn't have yet the -- well, it was just the beginning of the suicide bomber. Because, as you know, that happened at the marine facility in Beirut. But by and large, we operated under the principle that the bad guys want to achieve their goals and get away because that's how the Baader-Meinhof had operated. That's how the Red Army Front, on and on and on and on. That's how they all operated. And therefore -- and we saw that in the initial operations in the Middle East when, for example, they brought several aircraft into Jordan. They wanted to get away. And they did. And part of our modus operandi was to find ways -- and the military, again, plotted this -- how do you do this so as to, you know, we don't want them butchering our people. We had the example, of course, of Munich in which a very badly staged police thing led to the death of all the hostages, as well as all the perpetrators, and a lot of the cops. So we were trying to learn and develop, and this was not the area that I worked directly in, but this is what some of the other people were doing, trying to understand the motivation, trying to come up with some sort of a coherent explanation of what drives them, what motivates them, how do you deal with them. And the hostage rescue teams from both the FBI and from Special Operations Command were very involved in this. There was a psychologist by the name of Dr. Gerald Post. You may have seen him on television sometimes, very interesting guy, I met with him a number of times. He was trying as well to get into the head, and there were others. So there was a lot of that. I was on the periphery of that. I was much more of the hands on doing the exercise stuff and doing the NBC, which mostly was also exercise. And then trying to develop national level stuff.

Q: I ask that because I was noticing in the phone book that the principal deputy director, deputy directors, and then offices, and I don't see Africa in there. Here's Latin America, Europe, NEA, East Asia. Were other people assigned to that office? Now, did they have people -- did the WHA -- was there one WHA guy and --

STERN: There were other guys in there, yeah. I mean there are some names missing. I don't remember all the names. Yeah, here it is, MCTP. This is old. I mean --

Q: That's from the -- what, January '85 telephone book, so –

STERN: The information is way out of date.

Q: Did things like the Achille Lauro -- how did you guys --

STERN: Well, that was handled by the military and the White House. We did not get involved in that. I mean, at a very high level State knew what was going on, but this was a special ops.. And they went in, did a good job. To my knowledge, we were not. That doesn't mean that at a higher level we weren't, but I just didn't know. But to my knowledge, we did not.

Q: It's interesting to note that going to State's own history in early November after that event, the director of the Office of Combat and Terrorism, MCT, because the ambassador at large for terrorism, S, slash, CT, Bob Oakley. So they pulled the profile of the office higher into the --

STERN: Secretary's office, yes. But I think at this point we were beginning to recognize -- this problem wasn't going away, it was going to get bigger and bigger as it became more and more important. And bringing someone like Bob Oakley very definitely made the statement,

this is an important job because he's an important guy. I mean I knew Bob before when he was PDAS in EAP, and I was on the Philippine desk. Dick Holbrooke was the assistant secretary. We had a great team there. Negroponte was also one of the DAS's . A very good team. So I'd worked for Bob once before and was very impressed then. And I got to work for him a second time, was even more impressed.

Q: Now, the layman's version of Foreign Service work is a regional desk, like the Philippine desk, whatnot. This is quite some distance from that.

STERN: Yes.

Q: The question I want to ask is what did you -- what did you get out of it in terms of improving your skill level or sight?

STERN: Well, it's a funny thing. It broadened my horizons tremendously because it got me to where I was working with just about every other major component of the U.S. government in one form or another. And because my boss has delegated a lot of authority to me, as far as they were concerned I was the State Department. So even though I was a relatively low ranking officer, first a two and then a one, I was *the* man. You know, when DOE had an issue, they called me. When CDC had an issue they called me. I was the guy they knew. And I made it my business to stroke them, to get to know them, to work with them. And I really enjoyed it. I mean I tend to like operational work more than straight analytical work. I like getting out there with people and doing things. That's more my nature. I was very lucky that I found the Foreign Service because I would have gone crazy with one of those jobs where you essentially work in one area your whole career *(laughs)* and this gave me an opportunity to move around a lot doing a lot of different things, get a lot of operational experience. I truly enjoyed it. But it was -- actually, it's funny. When I moved to extend for a third year in S/CT I had been a two forever. And my career counselor called me in and said, "For God's sakes, Bob, don't extend. Take an econ job. You haven't done any econ work in *years* and you're being mid-ranked at every promotion board because you've never shown that you can do econ work at the one level, because you haven't done any econ work in four years. And you're going to end up retiring as a two because you're never going to get promoted because these are the criteria. And I thought about it, talked about it with my wife, and I decided that I really liked what I was doing and thought I was making a contribution and I didn't want to go be the number two guy in the fats and oils desk somewhere just so I'd, you know, check a box and *maybe* get promoted. Because there was still no guarantee of promotion anyway. So I thanked my career manager and I said, "I think you're right, but the hell with it. I really like what I'm doing and I'm going to extend anyway." And what'll be will be. Next promotion board I made one *(laughs)*. Which goes to show you that who the hell ever knows? But any rate, I learned, I think, that it played to my strengths. By having a boss who trusted me, I mean I ran my ideas past him, I just didn't go out and do things without talking to anybody. I don't want to sound like I'm a complete rebel, I wasn't. I mean I would make sure that Oakley and Borg knew what I was doing in the broad sense. If they said OK, good, do it, I wouldn't bother them with the details, I would just go out and figure out how to do it. But I had their blessing, and that freed me up to do all kinds of stuff. And that was great fun. I mean I enjoyed the ability to go out there. And it was in a sense like our own shared experience at PMAT, we were creating something new. And I was creating something new because we'd never done this before. And it gave me an opportunity to shape the fact. Nobody could say to me well, that's not the way we do it, because we'd never done it! So

actually they wanted me to extend for a fourth year, but the director general refused, said no, he's got to go overseas, it's been a year too long.

Q: Yeah, because there is a rule, you can't be in Washington so many years. It is the Foreign Service.

STERN: Yes, it was a -- well, I never planned on being in Washington that long. As I mentioned way back when, my assignment to Canada got broken and I ended up coming back to Washington at the Philippine desk, although I really expected to be overseas. And then my wife went back to school to get her masters, and I promised her I would stay in Washington until she did. So that led to this very long tour, but I hit the max and Oakley tried to get a waiver on it saying that the stuff I was working on really needed me, but the DG said no. He said if it's that important, have him resign from the Foreign Service, make him a GS-15, and he's yours. And I said no to that. I didn't want to be a GS-15.

Q: And as you presented this, these simulations, to the embassies, you were also saying that you did one with the military?

STERN: As I mentioned earlier, -- we did one exercise that was purely military in the simulated hijacking at Ramstein Airbase. But again, it was the idea that there were foreign policy ramifications in this. Here we are in Germany, OK. It happens on what is nominally an American airbase, but actually it isn't. It's a German installation, which they are letting us use. Well, what does that mean? Nobody's really sure. I certainly didn't know. We act like it's ours, we act like we're sovereign, but we're not. What are our relations like with the local authorities, with the local police force right outside the gates, with the mayors and so on, the fire department? All of that stuff. Who do we look to? Who do we look to within our own. I mean who does Ramstein talk to? And just lots and lots and lots of questions and not that many answers. And the way to find out was having an exercise and force the issue. And immediately after the exercise we go and we talk lessons learned, what do we do, and what should we do. And there's big base theater, hundreds of people in there, all of us took turns up on the stage talking about what we got out of the exercise. And the initial -- we do the same thing at an embassy after the exercise was over, we called a small hot wash. And it was very valuable and I think it -- it helped a lot of the military people understand some of our culture, particularly because we took, as I said, a special operations guy from each of the commands with us when we did our exercise. So they got to see how an embassy really works and what goes on. You know, as opposed to the image of these people, all from Harvard with striped pants, pushing and cookies. And they got to see working embassies and everything else. And it was a good thing, it was a nice relationship. Any time you can be on a first name basis you can get a hell of a lot more done. So we cultivated that.

Q: I can imagine that NEA as a bureau would look at your project very favorably, but did the other bureaus take a little convincing, WHA, what's their --

STERN: Well, back then of course it was ARA. Shows you how old I am. Well, they were looking at -- they had guerrillas in Peru and in Colombia. And they had the Tupamaros was Uruguay or Paraguay? I think it was Uruguay, they had this issue down there. I mean there were three or four countries that had indigenous problems, terrorist problems. And then of course in Central America Guatemala and El Salvador had semi-civil wars going on. So there was a lot happening in those areas. The bureaus were not ever, as I remember -- and again,

you're asking me to go back damn near 30 years. I don't recall ever having a bureau give me a hard time. I can remember that in the first year, the embassies giving us a hard time, being reluctant because they were afraid, and you know, maybe they would look bad, they would harm their promotion chances. So -- but once we got past that when we proved to them that we weren't there to play "gotcha," all of that went away and we started getting more requests that we could fill. Why aren't you coming out to *my* embassy? You know, so and so told me how great it -- I want you here!

Q: Now, you said at one time that one of the people you interacted with at the NSC was --

STERN: Ollie North.

Q: Ollie North. Any particular impressions?

STERN: Schmuck. Very, very full of himself. The very first time I met him I knew he had a death wish. The interdepartmental group on terrorism, which Ambassador Sayre chaired, would meet once a month in our SCIF, I had just joined our group and Ambassador Sayre asked me to be the note taker. OK, fine. Surely done that enough times. So people coming in one after the other, very senior people, generals, assistant secretaries from all around the government. And in comes Ollie who was a major at the time, representing the NSC. And the first comment out of his mouth was, "Always nice to be out in Byzantium," which did not endear him in the least bit to Sayre. Then discussing varying things, Sayre brings up something -- I don't remember what it was, it was on the agenda that had been agreed on -- we start going around the table. And people are commenting on it, it comes to Ollie. And he says something to the effect of, "The NSC thinks da-da-da-da-da-da-da." And three or four people later we get to this marine two-star who was at the time the head of JSOC. And he has a different idea. And he starts saying, "Well, I think this, this, this, and this."

And Ollie looks up and he says, "I don't think you heard me, General, the White House wants this."

And I said to myself, "You don't talk to -- you're a lousy major, you don't talk to your own -- in your own line of command like that," that's incredibly stupid. All you had to say was, "I'm sorry, sir, but I have been asked -- I have been directed to say that this is" -- it's a nice way to put it! I don't think you heard what I said.

General looked at him like, "Don't you ever come back to the corps. You're dead."

But he was so very full of himself. He made lieutenant-colonel only because the White House pushed him. He was the only marine officer I know of that other marine officers would speak of badly to a civilian, because I worked with a fair number of marine officers and they thought, he was a jerk. And they would actually say that to me, because usually they circled the ranks pretty good. So it was extraordinary that they -- that nobody liked him. And of course we, we all know what he did in Iran Contra.

Q: Why don't we set off the next assignment in Seoul, but then break off? Because it took looks very interesting. So how did you finally get this assignment to Seoul?

STERN: Well, Seoul was a strange thing in that my son was suffering at the time from both

learning disabilities and emotional disabilities. We had been getting no help from the county. We'd been spending every spare dime we had on counselors and tutors. We were as broke as broke could be. I mean we owed the world because every dime we had went to trying to keep his head above water. And when I got orders that said, "You will go overseas," I was very concerned what this might mean for him.

I went to the medical people to see if I could get a medical waiver and they said, educational disability is not considered a medical condition, but emotional is." And they had a couple of social workers working for the department, of which I had no idea. But I went and spoke with this one woman and she said, "OK, here's what we're going to do. We're going to send your son over to the Lab School in Washington," which is one of the finer institutions for diagnostics and everything else, "and they're going to work with him to determine what's what. And then we're going to give you a session, each with the child psychiatrist and a child psychologist. And then we'll see what they say," OK? And this is again, bad news/good news. The good news was that they said, "Fairfax County really screwed this kid up. They completely misread all his problems, they gave him no help, they kept telling him to work harder," and he's the hardest working kid in the class and he's got nothing to show for it. What he really needs to do is not work harder, but work smarter to understand what his problem is and work around it. And he can do that. We can write an educational prescription for him, that if we go where there's a special program where there's special-ed, they can really help him a great deal.

The shrinks all agreed that his emotional problems obviously stemmed from his frustration and his feelings of inadequacy. And that it would be a good thing for him to go overseas if we could go where there's a program, because here everybody already had him pigeonholed. If he went to a brand new place, as far as everyone was concerned he was just another kid. They wouldn't start with the assumption that he was an underachiever, or whatever. Said he's going to take his problem with him, it's not going to be magic. But he won't have that hanging over his head.

Said, "OK," So he says, "But the important thing is you've got to find a place that has one."

So I went through the bid list and I went down to the Foreign Service Lounge and got out all the post handbooks, and basically there were two posts that had good programs: Panama and Seoul. Panama would have been econ counselor; Seoul was deputy. So I went to Alexandria, Virginia where the DoD school headquarters is and I met with the guy who runs the ED programs. And I said, "If it were your kid, where would you go?"

And he said, "Seoul."

I said, "Why?"

He said, "Well, you know, on paper the programs are the same in every school we have in the world. The reality is it's the teachers. Some people bring the programs to life, others don't." He said, "We have a terrific team in Seoul."

I said, "Great, we all get there and they transfer."

He said, "No, they're going to be there for three or four more years." He said, "They're

excellent." He said, "That's where I would send my kid."

So I went back and I said I wanted Seoul. They said, "No, no, no, go to Panama." They said, "Because you go to Panama, you're chief of section, you've got a much better shot at promotion for Senior Service. You go to Seoul as deputy, kiss it goodbye."

I said, "I want to go to Seoul." So I fought with them a little bit and I said" Look, I've been a good soldier for 20 years. I've done everything asked of me. I've gone to every place you've sent me. You've broken my assignments, you ship me all over the damn place, I'm calling in my IOU's. you owe me one. I. Want. Seoul." They said, "You realize you're giving -- you're throwing away your shot at promotion."

I said, "Yes, I understand and I don't give a damn. I'm going to Seoul."

So I got Seoul. And the school there was superb and my son is now a college graduate, senior software engineer, happily married, two children, doing extremely well. They were right, I didn't get promoted, but you know, I don't much care.

Q: And you didn't get any language. It wasn't a language designated slot either?

STERN: No, no. The only people who spoke Korean in Seoul were one or two political officers and one or two consular officers. Once again the State Department never had room to put people in language school. I was supposed to get Hungarian at one point as I mentioned earlier, and didn't. It was always a difficulty how few people we had with language skills at posts. Seoul was a, good assignment. My family really liked it. It was not a good assignment for me in the sense of moving me forward professionally, but then I didn't expect it to be. And I have no regrets.

Q: Well, let's pick up Seoul next time.

STERN: Yeah.

Q: See how this goes. We're returning to our conversation with Bob Stern. It is the 26th of August. Bob, I think we left it last time that you were offered Panama and Seoul, and you took Seoul.

STERN: Yeah.

Q: Before you went out, you must have taken a briefing at the desk, whatnot. What did the job look like before you went out?

STERN: Well, I'm not sure if I mentioned why I took Seoul at the last discussion.

Q: Family.

STERN: Family, OK, I did cover that. Theoretically I was supposed to be the deputy and I was going to be doing trade policy, and that covers a multitude of sins, not exactly knowing what that might be. But the counselor was a guy I'd known for many, and I felt no problem. I could work with him without any difficulty. Whatever he wanted me to do I would do it. And

as I said, my primary reason for going was family and also the juxtaposition of my experience with the Los Angeles Olympics and the Seoul Olympics and Asian games coming up where they wanted me to get involved in those. So that's really all the knowledge I had in front of me, other than the fact that I knew that the day before I arrived the counselor was leaving for six weeks home leave. So I would arrive as acting counselor, which was interesting, there was no handshake, no handoff, no briefing, no nothing. Here you are. So I got there with my two kids on a weekend. My wife had to stay behind because we were in the process of selling a house and buying a house, and the closings got complicated and dragged on and she couldn't leave. She had to be part of that. And I gave her the power of attorney, but the kids had to get there to go to school. My son was going to be going into his second year of high school, and my daughter would be a senior. So I left, just me and the two kids. And I reported for work Monday morning -- got in over the weekend -- and the first thing I was handled was a cable which just arrived -- remember this very vividly -- which called on me to make a demarche on the Korean government on behalf of Operation Staunch, which you may recall is to deny the Iranians either dual use for actual military equipment. Well, this was coming immediately on the heels of the Iran Contra and it was merely a matter of a week or two since all of that had been exposed. And I looked at this cable, you know, in astonishment, you know, how am I actually supposed to go in and tell another government not to do something which we had just fragrantly done. And I went to the ambassador -- I had introduced myself obviously -- and I said, "Sir, if you want me to do this I will, but I'd like to wear a bag over my head."

And he laughed, he said, "No," he said, "I think this is one we can pass." But shows you some of the strange things that happened when the right hand and the left hand don't seem to know what they're doing.

Q: And your ambassador at that time was Richard Walker I believe.

STERN: Dixie Walker.

Q: Dixie Walker.

STERN: Yeah, this is a very interesting situation. On paper, there could not have been a better pick. Dixie was a professor of Asian history at Chapel Hill, North Carolina. Spoke fluent Korean, he'd written books on Korea, he was a renowned Asian historian, centered primarily on Korea. But he was to the toes an academic. Not an executive. And it quickly became apparent to me in my first week that this was an embassy that was not running on all cylinders. And I talked to my fellow counselors, I said, "Look, what's going on? Why is everybody so relaxed and laid back and nobody seems to be making any great effort."

And he said, "Well, the problem is is that you break your chops, you put everything together and you bring it to the ambassador, and that's where it dies. Because he can't make up his mind. It's on this hand and on the other hand, and give me more information. He's an academic and he's never satisfied that he has enough information to act on. By the time he does have enough information, it's too late anyway. He has in effect made a decision by making no decision. So everyone has pretty much figured there isn't any point in killing yourself and worrying about dotting every I and crossing every T because it just simply doesn't matter." And it wasn't very long before I could see that reflected in what my section was trying to do. It was very disappointing because Seoul is a very exciting assignment.

Korea's our seventh largest trading partner, was sitting 35 miles below the DMZ. There's so much going on. And yet, it was like we were in a sleepy little outpost in some banana republic. Dixie himself is one of the nicest guys I've ever met. I mean I really -- I liked him. And knowledgeable as could be, but he was first and foremost a professor.

Q: Who was the DCM at the time?

STERN: *Whoo,* gosh, let me think.

Q: I've got Lamberts.

STERN: Yeah, Dave Lamberts, that's right. And Dave was rather frustrated, to say the least. And again, he could only do so much. We could push stuff through Dave to a point, but when it came to the major policy stuff that the ambassador had every right to be the decider, it died. And I worked with Dave later on in the IG and we lamented over this. I know he tried his hardest, but again, you can lead a horse to water sort of thing. So it wasn't a lack of competency. Walker had all the competency you could ask for. More than most career people for that matter. He spent the greater part of his adult life on Asia and then Korean studies. But he did not bring the kind of executive type personality that is needed where the boss clearly knows what he wants and conveys it to the people alone. When he departed and was replaced by a career officer, the atmosphere changed overnight. Because you took something up to the boss and he said, "OK, what are your recommendations?"

And it would be, "OK, if we do such and such, which we believe is right, this is the possible fallout. We recommend it. If we do the other thing, there's less chance of fallout. We don't really see much chance of success. We vote A."

And he would tell you right then and there, A or B. You might not always agree with him, but you know, the boss was the boss. But the point is you knew you would get a decision. You knew that if you brought it up to him he would listen to you and he would make a decision. And it became a much happier embassy. We were working much harder, we were putting in much harder hours, but we were much happier because we were being professional. And I think that's an important aspect in that people don't mind -- or certainly I don't -- working hard if I see a reason for it. I don't like doing scut work for the sake of doing scut work, I don't like hanging around late so the boss can see me. If I'm going to work late give me a reason and I'll do it, happily. And it was clear around the embassy that this was the effect. And when Jim came in, that made tremendous difference.

Q: Did Ambassador Lilly keep Lamberts on as DCM?

STERN: No, Lamberts left. Normally the ambassadors bring their own DCM in. And Stan -- oh gosh, I'm so terrible at forgetting names.

Q: Stan Brooks.

STERN: Stan Brooks came in. I previously served with Stan in Hong Kong when he was chief of the Political Section and I was chief of the Commercial Section. So I knew Stan was a very good man. He did a very good job as DCM. And later on, for a very long time, he was chargé. So Stan was excellent. We suddenly now had a very, very good team at the top. You

had a very good ambassador, a very good DCM. And from my perspective in the Economic Section we could get things done, we could bring things to him and we could -- and of course there was a fair amount delegated. As a chief of section I had a certain amount of signoff authority and I tried not to abuse that.

Q: What would be some of the economic issues that you were working on?

STERN: Korea is as much as possible governed by an autarchic concept. They don't like being dependent on anybody for anything. They don't like spending foreign exchange. Basically they want to sell you everything but not buy anything in return. And I think the greatest example of this was that you could buy bananas grown in Korea on the street. Now, mind you, Korea's hardly a tropical zone. They went for a buck a banana. And this is back, in 1986. They were grown in hot houses under plastic. They could have imported bananas from Thailand or the Philippines or Taiwan for two or three cents a throw, but rather than spend the foreign exchange, they subsidized homegrown banana. And I always thought this was a perfect metaphor for how the Korean economic authorities and political authorities looked at everything. In the north they called it "Juche", only there for yourself. Well, in the south you might as well. I mean it isn't the heavy hand fisted, you know, hand of totalitarianism, but it is certainly a way of life.

So a great deal of my work was involved in trying to reduce tariff and nontariff barriers and trying to get American goods in. And it was like beating your head against the wall. We, we had our successes, but they all came at tremendous effort on our part. Some of them were funny in that after a tremendous concerted effort -- this started well before I got there on fruit -- they decided they would throw us a bone and they said we could import -- we could bring in raisins. And the reason they did that is because they felt they thought there would be no market for raisins. You know, it's not a grape growing country, nobody's ever eaten any raisins. What are you going to do with raisins? Turned out, the California raisin people ran a few commercials and the country became raisin happy. They put raisins in everything: pudding, cakes, pies, you name it. And we couldn't bring this stuff in fast enough. It became a *huge* success. And they were stuck with it because they'd given it to us as a freebie. But I would say that the bulk of my time, my three years there, first when I was acting, secondly when I was deputy, then when I was acting again when the ambassador left and they wouldn't confirm the new ambassador and my boss went up to become acting DCM. So for at least half the period there I was the counselor

Most of my effort went on trying to break down barriers. For example, we were trying to get the American insurance industry into Korea, huge potential market. They had frozen everybody but Korean companies out of the market in time and memorial. And I have no idea how many times my boss and I would go out to the Ministry of Trade and Commerce, which was located about an hour and a half away from the embassy. The Korean government had built a big government complex south of the river and eventually the whole government was to move there. But for the moment the Foreign Ministry was still across the street from our embassy although a great many of the other ministries had gone south.. So my boss and I would go out in oh, three in the afternoon for a four o'clock meeting, and we'd meet from about four to six, get back to the embassy about seven/seven-thirty in the evening, sit down and write the cable, say what progress we had made and seek instructions from Washington. Because of the 12-hour time difference it meant if we got a cable out by 8:30/9:00 at night, it hit the desk as they came to work. Which gave them all day to work on it while we were

sleeping, and we came in in the morning and we had new instructions. We weren't always thrilled by that, but that's what happens with modern communications. But we worked for months and months and months trying to get it, and we finally did. And this was worth several billion dollars to the United States because non-life insurance, home insurance, factory, industrial, all of this sort of stuff, is huge. And we also got into -- Allstate, for example, got very big on life, but people like AIG wanted to joint venture and did very big on the non-life stuff. It was worth a great deal of money to us. We also worked with them -- I did a lot of work on the aviation side. We were constantly in a battle with the airport authorities for cargo space, for landing slots. They were always looking for ways to nickel and dime on us.

And they had absolutely no shame. I went to a bilateral meeting which was chaired by the undersecretary of commerce, our undersecretary of commerce. He was pushing very, very hard for the importation of oranges. And every time you mention anything agricultural the PKF comes up, that's the Poor Korean Farmer. There's an island called Cheju-Do, south of the peninsula, which is *semi*-tropical. And they grow tangerines there for a few months of the year. So the undersecretary said, "You know, we want to bring in oranges, they're doing very well elsewhere in the world."

And his Korean counterpart said, "No, we have to think of the poor Korean farmer in Cheju-Do. He'll be overwhelmed."

So the commerce guy says, "Well, you know, that's only three months of the year. Why not allow importation of oranges the other nine months of the year?"

To which the Korean minister replied, "Oh, no, those nine months we have applies."

I'm sitting there in my chair biting my tongue trying not to laugh out loud, the marvelous apples and oranges. But it was a great example of the protectionist attitude. When we finally got them to allow the importation of American automobiles, they had just started sending Hyundais to the United States, they had their equivalent of the IRS audit anybody who wanted to buy a Buick, which tends to put a damper on that. So it was a very prickly environment. The Koreans are an extremely stratified, highly patriarchal society. Very, very difficult to get people to -- I mean they -- let me rephrase that. You can become quite friendly with them, but only to a point. I had one Korean who represented oil and gas interests, and his company had an operation in Indonesia. So as I handled energy, among my other things, I spent a lot of time with him. He unbent to the point that after three years he would call me "Mr. Bob." And I called him, "Mr. Choi." Koreans would call their wives that way, Mrs. So and So, Mr. So and So. And everything is based on your age group and where you came from, so that you have all these little societies within societies within societies. We had two very fine FSN's, Mr. Park and Mr. Choi working for us. They'd each been with us about 25 years. They'd worked side-by-side for just about that amount of time. And they called each other Mr. Park and Mr. Choi. And when lunchtime came and everybody went downstairs to a reasonably nice cafeteria, Mr. Park sat with his friends, Mr. Choi sat with his friends. Never had lunch together, never socialized. Why? They came from different towns and they'd gone to different universities. You make your friends on that road. And after that, it's a closed thing. Nobody else breaks into that circle. So it's very much a -- what is it pipe stems?

Q: Stovepipe.

STERN: Stovepipe. Thank you. Knew it was close. It's very much a stovepipe society in that sense where you sometimes wonder if any stovepipe talks to another stovepipe. People tend to move up by age group or down by age group or laterally by age group, so when a Korean first meets you, if he will try to find out not only who you are or what you do, how old you are, where you went to school. Because it's very important in their language how to speak to somebody. In English we do not have much of a differentiation between a formal and an informal -- you know, in Spanish you can say usted or tu, and you can do this in many languages. Korean you can speak up to your superior, down to your subordinates, and across to your equals. He's not sure how to talk to you until he figures out where you stack. He doesn't want insult you. He wants to speak to you correctly. But he's very, very nervous. With other Koreans it's very simple; he can do it in a heartbeat. But with a foreigner it's very, very difficult. When AIG first came in, the night before they were going to have the big celebratory meeting with the president of the Korean company that they would do the joint venture with, they had a little dinner party at the hotel to which I was invited. About a dozen senior executives of AIG were there. And I walk in and the executive vice president for Asia who was leading their contingent is furious. He's bouncing off the walls back and forth. And I thought everything had been going great. And I'd been working this damn thing for over a year and a half. And I turned to one of the other guys and I said, "What's going on?"

And he says, "He's furious. He just got this very insulting letter from the president of the Korean insurance company."

I said, "Really? Let me look at it." So I read the thing and it asked a lot of personal questions. How old are you, when were you born, who's your wife, all the -- and here is this guy, he's a very senior American executive. Who the hell is this guy? Pry into my life. What does he think I am, a kid?

And I said, "Whoa." I said, "You got this wrong. This man is terrified that he's going to say the wrong thing to you tomorrow and blow the whole deal."

And I had to sit down and explain the concept of Korean society to him. He said, "Why didn't anyone tell me this?"

And I said, "Well, your guys are insurance guys. That's not their job. It's *my* job. That's why *I'm* here. That's what you pay *me* for."

He said, "Oh."

I said, "You've got to understand that different cultures have different ways of dealing with things. Not better, not worse, just different." And I said, "In Korea, it is absolutely critical for him to be able to know how to greet you tomorrow. What he's looking for you is to tell him what to do. He's not looking to insult you. He's frightened."

He says, "Let's have dinner." And that was the end of that. But it's kind of a strange place to do business. Koreans, if they do not know you, their idea of excuse me is an elbow in the ribs. Nobody ever holds a door for anybody else. Nobody ever does all these simple little courtesies that we normally expect. Because they don't owe -- they don't owe you anything. On the other hand, once they know you, they will go out of their way. And you see some of

that in Japan. I think you've seen that. But if you are not somebody who is actually a person, by definition, somebody they know who you are, they don't owe you anything. So you have this mixture of tremendous Asian hospitality and politesse, coupled with the most meticulous acts of arrogance and indifference. Fascinating society. I enjoyed my three years there very much.

Q: Let me ask you, on importation issues, I would assume that the Korean economy, sitting right next to the Japanese economy, was very eager to put up barriers. Because they weren't just keeping us out.

STERN: Well, they kept everybody out.

Q: Keeping everybody out.

STERN: No, this was not personal. I mean this was -- their tariff and nontariff barriers were against everybody, and they hated the Japanese. The Japanese period of colonization was run from about, what, 1901 I think to 1945, was remembered as a period of horror. The Japanese treated the Koreans as chattel. No love lost there whatsoever. But then I don't know any place in Asia where love is lost for the Japanese. Every place I've served in that area, memories were very deep. And still are, so even though most of the protagonists are long gone, the memories haven't gone away.

Q: Now, with the Korean War and the DMZ and the fairly large American presence, there's a tendency for an economy like the Korean to want to buy American military products, but offset the cost by them producing some part of it.

STERN: Yeah. This of course is true everywhere we sell. They look to see what kind of offset they can get. This was not a huge problem for us, however. Because one of the things that the Koreans wanted was compatibility. They wanted to be using *exactly* the same equipment that we were using, because the Korean Army and U.S. 8th Army were both part of United Nations forces, which were governed by a U.S. four-star. The U.S. four-star who was the CINC of 8th Army, was also the head of the United Nations forces, and de facto commander of all Korean Armed Forces in time of war, which made for some interesting questions. I was never directly involved in those. Those went through the defense attaché's office and the Political Section. So foreign military sales and things like that were not part of my bailiwick. And while I know a little bit, I'm hardly an authority.

Q: Now, isn't there a program where the embassy checks out an industry to see if it's doing the right thing, Blue Lantern program?

STERN: Refresh my –- I'm trying to remember which one Blue Lantern was.

Q: Well, I'm not sure, but I thought it was a program where the embassy had to go to a factory and determine that they were building stuff of military significance but protecting the technology.

STERN: OK, yeah. That again, fell more under the military attaché.

Q: ok.

STERN: You have to remember that we had an enormous American military presence. And the Yongsan Army garrison, which included 8th Army headquarters and UN headquarters, was about five or six miles away from the embassy. And most of the embassy housing was on the base as well. So we had a tremendous military contingent. We had a very large military attaché group because we were so involved with the Korean Military. The Econ Section was not directly responsible for that.

Q: How big was the Econ Section at this time?

STERN: Not big enough. Four officers to handle the seventh largest trading partner of the United States and none of us spoke Korean. For years the inspectors had been saying, "We've got to have another officer, we've got to have another officer." And we never got another officer. Fortunately, we had some outstanding officers. One of them was Chris Hill.

Q: My goodness.

STERN: Chris was one of my junior officers. This was his second post. And as you know, he went up like a rocket, all the way. He's one of those people who you can say truly deserved it. He's not only incredibly bright, he's one of the nicest people you'll ever meet. He's incredibly gracious, as well as brilliant, which is not always the case. He was our financial reporting officer. We were always very shorthanded. We worked closely with both the commercial and agriculture sections, tried to work as a unified group, and got a lot accomplished. We met once a week, the heads and the deputies. And we would try to figure out things that we could share the work in or you'll do this and I'll do that. So as to use our resources most efficiently. The DCM would chair a lot of those meetings. And it was a good system, we were very cooperative. We didn't fight each other.

Q: Who were the section heads?

STERN: George Pope was the head for the agriculture.-

Q: There was a George Mu, head of --

STERN: George Mu, head of the Commercial Section. Both top notch people. So you could work with them without these petty jealousies and crap. And you know, lots more gets done when you're not so worried about who gets the credit. Kind of like PMAT. And that was one of the nice things that we did is that we had this system, we would talk to each other. And I had collateral responsibilities in the area of counterterrorism. Having just come out of being associate director for counterterrorism and having been the U.S. representative at the Los Angeles Olympic games. And here we were gearing up for the '88 Seoul Olympics. I worked with the Political Section and the Attaché Section, working with the various elements of the Korean government putting together a security plan for the '88 Olympics. And so that took up a certain degree of my time. And when they had exercises on the base, various counterterrorism exercises, I was more often than not the embassy rep playing as a subject matter expert. So I brought that with me as well. And it worked out well.

Q: Now, did you interact with the economic sections of other embassies?

STERN: No. Not really. The relationship of the U.S. and Korea was so special, with quotation marks and italics and all that, that unlike other posts where I did have more contact with other embassies, here we were almost a little world unto ourselves. Nobody had the closeness of relationship or the depth of relationships that we built. I mean I knew some of the guys from the Canadian and the British, but close, no.

Q: The relationship with Korea was a very important one. And I notice that Secretary Shultz came out to Korea quite frequently. I presume every section gets involved in secretarial visits.

STERN: Yeah. We had than our fair share of congressional and staff delegations, as well as the secretary. The secretary was by far the easier, because he came with a small entourage and they came to work. And while we really worked very hard to make the best impression possible on the secretary, as you can imagine, it was usually a fairly brief affair and it had to do with substance. Some of the CODELs on the other hand would come with their own airplane, with wives. And they'd go shopping in the section of Seoul called Itaewon. I don't know if you've ever heard of it. It is *the* shopping district. The wives would go out of their minds there. I remember I had the duty in the control room of the hotel and there was another room separate to it in which all the stuff that they bought and packaged and whatnot was stacked, and it was wall-to-wall, floor-to-ceiling. And Chris Hill came to relieve me, and I'll never forget this because it cracked me up. He walked in, he looked at the stuff with his eyes wide and he said, "My God, I think the Visigoths took less from Rome."

Q: (laughs)

STERN: Which just put me on the floor. But that's the kind of line that Chris could come out with extemporaneously. It stuck in my mind all these years.

Q: One of the things that begins to shift in the bilateral relationship is trying to encourage the Korean government to be a little more on the democratic side. That obviously is more political than economic, but you must have seen this trend.

STERN: I did a lot of public speaking, as so many of us did, at universities and a variety of other fora up and down the peninsula. I traveled to the major cities. And there was a tremendous suspicion of the United States over the Gwangju massacre. Are you familiar with that?

Q: Mm-hmm.

STERN: OK. Depending on how you look at that, it's really not that easy to know who was right and who was wrong. When the rebellion in Gwangju started, the Korean government wanted to move troops down there to contain it. Well, under the agreement that we have where they're part of the United Nations Command, any time they shift troops, for any reason, they have to notify us and we have to agree. Now, all this happened long before I got there. But from all I can tell, the U.S. Command looked at it, basically saw it wasn't going to affect our ability to deal with the North Koreans. and said sure, which was the only criterion that they cared about. The fact that these people ended up being rather brutal was not and a great many people, particularly the leftists, wanted to hang it upon the U.S. that we gave them *carte blanche* to send in the bad guys. So trying to get a discussion going to look at

these things was very, very difficult. Because when you have a Korean university interlocutor, he stays up the night before for hours drawing up a five-page question, which he then delivers to you breathlessly and by the time he reaches the end you've forgotten what the first part was. But he's already got his answer in there too. And it was very, very frustrating. These guys just were -- they couldn't -- even though they were for democracy, they didn't really understand what democracy was, in truth.

I think the best example of this is we were working very hard to get permission to have American television and movies come to Korea. That's worth a lot of money to us. And of course we make a lot of money all over the world shipping these kinds of products. It was always oh no, it'll destroy the Korean film industry. They even actually threatened that if we put one in, they'd put snakes in the theater. And as a matter fact, they did. I was down at the University of Pusan and we got on this very subject. And when you came in for -- it was a day-long affair, and the first thing in the morning you indicated what you wanted for lunch. And you had a choice: you could have a Korean meal or an American meal. American meal was hamburger, fries, and a Coke. I forget what the Korean meal was. I like Korean food. I can get hamburgers anywhere. So I put down for the Korean lunch, not long after lunch I'm being bombarded by this chauvinism. You're trying to force your culture down our throats. We don't want to be Americans. We want to be Koreans. You know, you do this, you -- I said, "Wait a minute, first of all, I want to make a promise to you." I said, "You can walk past a theater showing an American film. Nobody's going to grab you and pull you in. Nobody's going to put a knife to your throat and make you buy a ticket. You can vote with your feet and your wallet. You want to see it? Fine. You don't want to see it? That's your business." I said, "Secondly," I said, "you're standing there. You're wearing a shirt that says New York Giants. You're wearing Levis. If I can look down, you're probably wearing Nikes on your feet and I see you have the remains of an American lunch. I didn't force you to do any of that, nor did any other American. That was your free choice. That's what democracy is all about.

As it happens, I'm eating Korean food because I like it. But I also have Nikes and things like that too." I said, "Democracy is choices. Democracy is you decide and you have a number of things you can pick from. Democracy is not saying my way is the only way and I'm not even going to let you show me your way." This is a very difficult concept because the Korean educational system, like the Japanese and like the Chinese, everything is rote. Everything goes down that same line going all the way up through high school. You know, the nail that sticks up will be hammered down. There's no deviation. And you suddenly introduce the concept of actual choice and they're flabbergasted. Even when they have been making those choices such as, you know, I bought that shirt, I didn't. You decided on a hamburger over kimchi. They don't realize they're making a choice. And this was a great frustration I think, not only for me but for everybody else, in trying to get them to understand democracy means having choices and making choices and not having them made for you. Although we saw many pro-democracy demonstrators, and I got myself tear gassed on many occasion, I left feeling that there was really a disconnect between the yearning for the democracy and the knowing what democracy actually was.

Q: What's this about being tear gassed?

STERN: Oh.

Q: Was this written into your (laughs) list of duties?

STERN: No, well I got tear gassed for a variety of reasons. My son played high school baseball. And the army base abuts a university. The baseball field is right down where it abuts. I would go to my son's game and there'd be a riot going on at the university and they'd bring in these little armored cars with the teargas grenades, *bam, bam, bam, bam, bam, bam, bam.* They'd shoot off 300 or 400 teargas grenades to break it up. Well, depending on the prevailing wind, it would waft right on base and we'd be sitting there in the stands with tears coming out of our eyes. And it wasn't because of the quality of play necessarily. And my daughter was very involved with the community theater on base and one evening she had a rehearsal. And we did not live on base. We lived on a small compound not far from the embassy. The area where most of the demonstrations took place was about three-quarters of a mile from our house on our way to the road we would normally use to get to the base. But I knew there was going to be a demonstration, so I very cleverly decided I would take a long route around it and come in to the base from the back side. So my daughter and I are sitting in my little American Dodge with the dip plates on it and all, little American flag. And it's kind of rush hour, we're going down. And all of a sudden traffic comes to a halt and there's a policeman with a little white hat trying to direct traffic. And suddenly from the alleyways to our left all this mob of demonstrators comes pouring through, they've been chased out of the main area and they've ended up coming to ours. So they're suddenly all around our cars with banners and the arm fist -- the fist pumping and the chanting in unison and everything else. And my daughter and I just are looking at each other. And then, you know, the traffic cop was trying to clear it and move the cars, and they pay him on attention whatsoever. I mean they're not hostile to him, nothing -- just ignore him, he's not there. He's blowing his whistle frantically. Nothing. But then of course next thing you know is up show the armored cars and they blast us with teargas. We're right in the middle of it. So the car fills up with teargas *(laughs).* And so it drives the crowd away and eventually we get through and I take my daughter to rehearsal. But we got tear gassed fairly often; they would come after the embassy. Normally the police were able to stop them about two blocks away where we could watch it from the window. And again, the teargas would waft depending on the prevailing winds. So garlic and teargas are the two smells I remember most vividly from Korea.

Q: The July 4th party at a post like this was such a heavy military presence, imminent relationship, must be interesting in terms of working out the guest list, how it's going to go.

STERN: Well, it was fun. We looked forward to it. It was held at the base where they've got the big grounds, everything else. And the 8th Army Officer's Wives Club were the ones who put most of it together with some support from the embassy. But again, you have such a huge installation, they had everything there, a lot of the embassy wives volunteered to help. But the 8th Army Officer's Wives Club, as I remember, really ran the thing and quite well. So it was lots of food, lots of music, lots of fun. My daughter used to sing the National Anthem each year and it was great. You know, we had all, you know, the three-legged races and just all Americana. And the whole American community was invited. Everybody in the American Chamber.

Q: So what was primarily an American event for the American community --

STERN: Now, the ambassador would host one at the residence, a more formal one.

Q: Mm-hmm.

STERN: So actually there were two events. I really wasn't thinking for a moment, I'd forgotten about that. The ambassador would host one at his residence and here they would invite all the other embassies, all the other ambassadors, senior people from the Korean government, dignitaries, you know, business figures and whatnot. And basically we couldn't wait for it to get over so we could get over to the base and have some fun. But you know, this is part of what you had to do, and I shook a lot of hands, passed a lot of hotdogs and all that sort of good stuff.

Q: And there was a reception line where somebody whispered to the ambassador --

STERN: Oh yeah, I've done my share of that. As I'm sure you have.

Q: One of the interesting events is November 29, 1987, a Korean airlines plane explodes in the South China Sea. Whatever -- did they ever pin that on anything?

STERN: I don't remember it.

Q: KL8-58.

STERN: I don't remember to be honest with you. And I think I would -- I should, I mean I was a big aviation buff when I was there. Just in the South China Sea. I'm sorry. I don't really remember, that's strange. I can't really give you an answer because it doesn't ring a bell, and I would have thought it would.

Q: One thing I wanted to get to was the whole Olympics was a major hoo-ha.

STERN: Yep.

Q: And would North Korea participate and how -- what kind of venues? What was the embassy interaction? And you probably got quite a bit of the interaction in terms of setting up the Olympics, security, the whole, you know, the, the --

STERN: A lot of that --

Q: How much of the effort time and effort was taken up?

STERN: A lot of that was very highly classified. There was a great deal of coordination between counterterrorist units of the U.S. and intelligence agencies of the U.S. with their Korean counterparts. I can't really discuss that. Much of it I wasn't involved in of course, but I was to some degree. But that took place way behind the scenes. We did a number of exercises, trying to use what we had learned at the previous Olympics and what had happened at other Olympics -- we certainly didn't want a repeat of the 1972 Munich events. So as with so many Olympics, the events are scattered over a very, very large area. You have a cluster of Olympic events that'll be down by a stadium, but you know, if you're going to have bicycles and marathons and track and horses and everything else, they're all over the damn place. What made it a little easier certainly in Korea than it did in Los Angeles is that the police are a national body. So you don't have to deal with jurisdictions. You can have one

guy who says do this, and that's it. A little different in Los Angeles where we have to have the sheriffs and the counties and you name it, everybody and his brother was involved. Federal, state, county, city. The Koreans are very security conscious to begin with, and they are a very orderly people. Getting them to stand in line is not difficult. Getting them to accept delays where you search bags and things like that, again, is not a problem. So there were no really great things that came up. And we had -- there were an awful lot of people of course on standby, which you know, I don't know how you prove a negative. This was always the problem. Did the thing go off as well as it did because we worked so hard and we prepared that they said no, it ain't worth it, we're not going to try anything? Or would it have been just as good anyway? Who knows? We like to, we like to convince ourselves that it was our efforts. But you can't say that definitively obviously. And afterwards we had a nice party, a lot of fun.

Q: Now, Kevin McGuire comes in --

STERN: Yeah, replaces Don McConville.

Q: Replaces Don. Different styles?

STERN: Yeah, very. Very. Let me try to put it properly. It isn't only that their style is different; it's that things are different when they come. Don is there at the tail end of the last great battles of protectionism. Kevin comes in just as we're beginning to make some inroads into it. He is by nature a very activist person, and he pushed hard. And he had the good luck of being there just at the time when pushing hard was going to start to actually mean something. This is not taking anything away from him. But you know, like they say, timing is everything.

Trouble with Kevin is he was a Luddite. Did not like machinery or electronics. Never learned how to work a computer, never learned how to work a word processor. Drove me crazy. Because, we would put together various things and whatnot, all typed up nice and neatly and go to the boss. And it'd come back with this incredible chicken scratch all over it. Which had to be deciphered and edited and go through several versions.. And at one point he complained to me, he says, "You know Bob, as deputy you should really be trying to get people to give me more finished products."

And I said, "Kevin," I said, "let's talk plainly. I could give you the Bible and you would edit it. Nobody really wants to break their chops anymore because no matter what they bring you, you rewrite the damn thing so it sounds as if you wrote it. So people are naturally not killing themselves. What's the point?"

He said, "Am I that bad?"

I said, "Yeah, you are!"

I mean to his credit, he said, "OK, I'll try to" -- but this was the problem. And also, because he wouldn't work on the Wang, you couldn't send him something and have him do his editing right on the machine. Which would have saved a *ton* of time. Instead he would chicken scratch the crap out of it and I would send everybody else home, and I'd just be the one stuck there working with him to these late hours. That was one of the things I just -- for

Pete's sake, learn how to type. Even if it's only this, you know. But he, you know, we'd be getting cables out -- as I mentioned earlier, we'd be coming back from these negotiations, eight, nine o'clock at night we'd be getting a cable out. And you could do all that now on the Wang. You didn't have to have a com section, you could send it directly. Well, that meant I had to do it because he didn't have a clue and he didn't want to know. So I became his communications officer as well. Well, I -- for a guy as bright as he is -- he's an extremely intelligent guy and dynamic. Why he was afraid of this stuff I have no idea, but people are different. But very able. And then when Ambassador Lilly left, the nomination of his successor got held up for political reasons for well over a year. Stan Brooks moved up as chargé and he picked Kevin to be acting DCM over the political counselor. Because one thing about Kevin, he was a bear for work -- we used to joke that he's the guy who turns the lights off at night, he's the last guy out. And he'd been known for that in EB, very, very hard worker. So I took over the section again, but now it was only a three-man section. So you had to prioritize. And when inspectors came in at one point they said, "You know, you don't write CERP reports." These were these required annual supports that you had to put on a whole variety of things, and for the most part they were banal.

And I had told my team, I said, "Forget about it," I said, "You've got better things to do."

And the inspectors jumped on me for that. They said, "Look, you know, you haven't submitted a CERP in over a year."

And I said, "Get me two more officers and I'll do CERPs." I said, "I'm operating here on the basis of we do the needed first and if there's time we get to the other crap." I said, "But we simply do not have time in a three-man section to write stuff that nobody reads that was set up 50 years ago and nobody's ever thought to look at it and say we still need it." So I said, "Yeah, guilty! They didn't do it because I told them not to. Want to ding anybody, ding me."

They said, "Eh-eh-eh-eh." Never heard more about it.

Q: Now, these CERPs, aren't they the kind of what's happening in the cotton industry in the country, what's happening with iron, ore --

STERN: Exactly, mm-hmm. And the thing is, we would be reporting -- when something actually happened we'd be reporting on it. It's not that we were ignoring these. It's just that to take the time to do the long detailed work necessary to produce these took the officers away from all the other breaking things that were happening. And couldn't afford it. I mean the one we did regularly was the energy report. We always considered that to be really important because Korea had so many nuclear reactors. So that's one we didn't skimp on. But most of the others, you know, I mean you can buy The Economist. Buy Far Eastern Economic Review. It just wasn't worth the time and effort. But I, I look back very fondly. The three years in Korea were good duty. Our family was very happy there. And I was quite pleased.

Q: Well, one of the interesting things that happens at the end of your tour is Emperor Hirohito dies and everybody has to go to the funeral. And while they're out there they come to Seoul. That must have been put together very quickly.

STERN: I don't really remember it. Didn't have much of an impact on me at all.

Q; Yeah. And that's the new president, Bush.

STERN: Yeah, no. Well, he came through, but it was -- he came through and if I remember correctly they landed at Osan Air Base and I mean they were there just a few hours, *boom, boom, boom*. I don't remember anything particularly substantive about it. You know, of course it's a lot of years.

Q: Right. Now, one thing I want to ask, when you came to Seoul you had an idea of what you were going to do. Now that you're leaving Seoul, have you accomplished those things? Did new things jump out at you? How did you evaluate your three years?

STERN: *Whoo*. I don't think I could dislocate my shoulder patting myself on the back. It's a mixed bag. I got some things done that I'm pleased with that -- other things I may have moved the ball along a few feet. Other things were still the same as when we got there. As I pointed out, it was a very difficult environment because the automatic reaction of the Korean officials was no. I mean they would -- I can remember them saying to me, "But Mr. Stern, why do you keep trying to get us to bring American products? Koreans don't like American products. Koreans won't eat American food."

And in exasperation I said to one vice minister, I said, "Why don't you let me take you to all the black market shops and show you all the stuff that is coming out of the commissary being bought by Koreans?" I said, "We have more rice going through that commissary than we sell in the U.S.!" I said, "They love it!"

And he knew damn well I was right. I mean the amount of stuff that went out on the black market was just incredible. But it was very frustrating because they would just stand there blandly and you just had to get keep going back and keep going back and keep going back. And if you were persistent enough and you worked hard enough to develop some sort of a relationship, and the timing was right, you move the ball forward an inch or two. As I say, we did get a few decent breakthroughs during the period I was there. The insurance was one of the major ones. And I had a big role in that, but I was not the only one. We also got a couple of good breakthroughs on the aviation side, although one of the other officers in the section took much of the credit for that. Or I should say deserves much of the credit for that. But it was constantly trying to hang on to what had been previously achieved, not to let them nickel and dime it away from us, while trying to add on, and doing this in a very shorthanded embassy with nobody with language qualifications. I think given the proper staff and language, we could have accomplished more. But the focus, as always, was military. So the military attaché and Political section was big. And relationships with the base and all the commands and the Korean speakers were all in the Political Section.

Q: Did the Koreans have any export issues of interest to them?

STERN: No, basically they didn't because the U.S. is a pretty easy place to export to. The only problems they had were meeting our requirements. If you're going to ship an automobile to the United States it has to meet all of the safety standards. It has to have the right safety glass, it has to have the right lights, like this, that, and the other thing. And it's going to be inspected for that. But that was never a problem. They were perfectly happy to build it to U.S. specs. I mean I visited many a factory, whether it be Nike or -- what's his face

with the Polo shirts -- Ralph Lauren, any of these. They would make it all to U.S. specs, very happy to do so. So that was not ever really a problem. More the reverse issue. They were only too happy. What do you want? We'll give it to you. You tell us how you want it, we'll make it. You want it sky-blue pink? We'll give you sky-blue pink. You know, they could be very, very accommodating on that side. They would break your chops on everything else.

Q: And they were building the big ships to bring stuff in?

STERN: Well no, not so much that. That was Hyundai-heavy industries. The government decided -- this was before my time -- that they should get involved in building supertankers to take some of the business away from the Japanese. Hyundai heavy industry had never built a ship. That didn't stop them. With all kinds of government support money and whatnot, they built a shipyard and they began producing ships. But they were building ships primarily for the value of the ships themselves, tankers, container vessel; companies, like for example, Onassis would buy the tankers and then lease them to the various oil companies. And they built the ships and they built them cheaper than the Japanese, and everybody liked that because sticking your finger up at the Japanese was pretty patriotic. It was a very guided economy. For example, while I was there there were three car companies: Daewoo, Kia, Hyundai. Only Daewoo was permitted to make passenger cars. Neither Kia nor Hyundai could build anything but trucks and buses. My last year there they gave Hyundai the right to build cars, and that's when the first Sonatas came out. And then not long after that they began exporting them to the U.S., the first of which were terrible. But for years only one of the three manufacturers was permitted to make and manufacture cars within Korea. You wanted a car, you drove a Daewoo, period. And there was no importation of cars. Then they reached the point where they felt they were strong enough, they could allow a little internal competition, and both Kia and Hyundai were given the blessing that they could go from just trucks and buses -- and construction equipment of course -- to cars. And what makes it ironic is Daewoo is the company that didn't make it in the U.S., whereas Kia and Hyundai did very well.

Q: Well, now you come out of Korea in the summer cycle of '89. How did you go about getting your next job at the department?

STERN: Basically it was thrust on me. I had -- this is a strange story in a way -- I had decided to retire. I'd had a couple of nice offers from the private sector in the counterterrorism field. And at this point I was going to be 51. I had all my years of service, no problem there. I was an 01 so I'd get an immediate annuity. I knew if I retired from overseas it would cost me a bundle, because I'd come back to the U.S. with no per diem, no help, no nothing, just drop my gear on me, and tough. So I decided I would get a Washington assignment and from that assignment retire. So to ensure that I got a Washington assignment, I bid the worst jobs that I could find on the list. I looked for the dogs, the ones that nobody wants but have to be filled. And as you know, you have to -- at least then you had to do six. And I found five really bad ones. I couldn't come up with a sixth. So I decided all right, I'll go the other way. I'll put one down that's so good and which I have no particular qualifications for, so they won't even look at me. That was deputy director for aviation negotiations, which I knew was a plum job. And it's one of the rare jobs where the deputy gets to be a negotiator and lead the U.S. delegation. Half the world would be mine, the director would have the other half the world. And I knew the guy who had the job and I figured it was all wired within EB. And week or two after I'd submitted the bid list, I get a phone call about three o'clock in the morning. Wakes me up. And it's Janice Bay who was

the director of the Office of Aviation Negotiations at the time. And she said, " Bob, I want to know if you're still interested in the job."

And I said, "Janice, do you know what time it is?"

She says, "I apologize, but the assistant secretary has asked me to check with everybody who has bid to see who is still available and I have to do it by COB because he wants to make a decision."

I said, "Fine." I said, "I just submitted the damn list, nothing has come back. Yes, I'm still available."

OK. Four o'clock, phone rings again. Chuck Angevine. And I served with Chuck in the Philippines and I knew him. He says, "Bob, he says, "Janice tells me you're still available."

I said, Chuck, it's four o'clock in the morning."

He says, "I'm sorry," he says, "but Jeff, the assistant secretary is bugging me. I got to tell him," so forth and so on.

I said, "Fine, fine, fine, yes, I'm still available." Hang up.

Carole is looking at me, she says, "What in the world is going on?"

And I said, "They're playing CYA." I said, "They've got their guy wired, but they want to be able to show that they made every effort to look at all the people who bid. So forget about it." Because Chuck had assured me that this is not offering me anything. He's just checking to see if I'm still available. I said, "Yeah, yeah, I know."

Half an hour later the phone rings again. It's the assistant secretary, Jeff Shane. And he says, "Bob, I understand from Janice and Chuck you're still available."

I said, "Yes, Jeff, I'm still available."

He said, "Good, I'm paneling you tomorrow."

Q: (laughs)

STERN: So what the heck, you know? I said, "I'm sorry Jeff, but I'm a little confused." I said, "Why me? I'm the outsider. I've never served in EB, I've never had a straight aviation job. You know, why am I suddenly the golden boy?"

And he said, "Well, you don't remember me, do you?"

And I said, "Well, you know, I'm sorry to say, no, I don't."

He said, "Well, I used to head the CAB before they sun-setted it under Carter, all right? You were the Philippine desk officer."

I said, “Yeah.”

He said, “Well, we had a big meeting to discuss the policy we were going to have in negotiation with the Philippines.”

I said, “Yeah.”

Said, “we’re going for a big open skies arrangement. Lot of things, huge project. And everybody one by one got up and talked about what a great idea it was, and so on. And we finally came to you, the last guy on the list, and you threw water all over it. You know, you said basically that this was stupid, the Philippines may be a third world country, but they’re not idiots. This would destroy their airline, they’re not going to do it. The most you can get from them is X, Y, and Z, and this is what you have to give them to get that, period. And everybody said shut up kid, get out of the room.” Well, he said, “Years later after four or five negotiations all failed, we finally settled on exactly the terms you laid out. So when I saw your name on your list I said, ‘This guy knows what he’s talking about, that’s my guy.’”

So I came back and instead of retiring I did two years as deputy director for aviation negotiations. And I had all of Latin America and Eastern Europe as my bailiwick. I conducted bilateral negotiations and major treaties in Brazil, Argentina and through Central America and in Poland and Yugoslavia. And it was very enjoyable. After all those years of passing notes to the chairman I was finally the chairman. And it was great, I really enjoyed it. But I put my retirement off for two more years. And they offered me to convert me to GS-15 and become the permanent deputy director and be the institutional memory. And I said nah, I didn’t think I wanted to do that. Now, of course in ’89 the Soviet Union imploded. Berlin Wall came down. Massive changes were taking place all over Eastern Europe in that immediate aftermath. So the IG decided to put together a team to go out and look at a number of key American installations. I should also note –

Gulf War I also occurred. And to see how they were responding to the change, you know, prior to ’89 everyone was watching the Fulda plane, so to speak. So I was offered an opportunity to be the senior economic inspector on this new team. And I thought that sounded interesting. So I took it and we went off first to Germany.

Q: Let me go back to your airlines for the moment.

STERN: Yeah.

Q: The Poles were one of yours?

STERN: Mm-hmm.

Q: One, who constitutes the American delegation? Did you go there or did they come here?

STERN: It varies. The -- if you asked for a negotiation, you come to us. If we ask for it, we go to you. If the negotiation takes more than one meeting, we alternate. In this particular case it was round two and I went to Warsaw. There had already been a preparatory meeting in Washington and we moved the ball far up but couldn’t quite come to it and they had to go back and, get their government's approval and more instructions. And I came in, the six

months had passed, and they're ready to meet again, so it was our turn to go to them.

Q: So the Poles would have had a single national airlines.

STERN: LOT

Q: LOT. And so their interest in carriage, I want to say second and third and fourth and whatnot.

STERN: Their basic interest was in the cities. They wanted more -- there's a word that will come to me -- they wanted more landing sites. They wanted to be able to go from Warsaw not just to New York. They wanted Chicago, which as you know, as a huge Polish-American population. And they wanted a couple of other things. You want Krakow? You got Krakow. You want Lublin?? You got Lublin. You want five more flights a day in Warsaw? You got five more flights a day to Warsaw. My problem was there wasn't anything they could give me that was the equivalent of Chicago. The number of people in Poland who could afford to buy an airplane ticket on an American carrier was very limited. And Krakow, even though it was the second largest city in Poland, was not a particularly prosperous place then. I don't know what it is today. So everything really went to and through Warsaw, period. The United States is unique in that we have so many destinations, all of which, you know, are cities with populations of millions. So trying to put together a deal which would give our carriers as close to an equivalent to Chicago, what do we have to have? And we were trying to come up and work with the carriers themselves. And at that time it was Pan Am, American, and United were all in this. So it was looking at nonscheduled cargo flights, for example. Do we have any interest in that? Because one of the things that's interesting, the U.S. has a lot of non-sched airlines, flying old equipment, and they're all cargo flights. What they do is they fly to smaller cities where there's not regular service. For example, particularly in Latin America, when I did the very big Brazil deal. I got hundreds of flights for the non-scheds. They fly their 707s into the interior load up with Brazilian products and fly them back. And in a country like Brazil with few roads and you've got the Andes and the Amazon and everything else, aviation is important. So non-sched primarily for cargo becomes very important, depending on the season of the year. Again, it's been so many years, the specific details of the Polish agreement escape me, but these are kinds of things we would be looking for. Where can I get value added? Because I'm not there to represent Pan Am. I'm not there to represent United or American. I'm there to represent the United States. Whatever I get from the Poles, I then give to the Department of Transportation and their administrative judges parcel it out. I have no say in who gets what, only that the United States gets it. So I am the State guy in the chair, but my delegation is mostly people from DoT and Commerce, and lawyers. Lots of lawyers. But, you know, try to figure out -- and then of course there was political consideration. Sometimes we would, you know, the White House and the secretary would want to do something nice for the Poles. And you know, that comes in handy as well. And the Poles were also at that point getting rid of every piece of Russian equipment they could, and buy as much American equipment as they could. They were in love at that time with the 767 and the 737. So we certainly wanted to encourage that. Although we were not permitted to make that as part of the deal. But it was one of these things that, you know, if you don't give us places to fly, how can we buy your airplanes? So the talks were always very interesting. And you put together a deal and a little of this, a little of that, a little of the other thing. And hopefully the scales are roughly balanced. But again, it's very difficult because very few countries have a Chicago. You know, you can do that in Germany because

they've got a Berlin and a Frankfurt, and a Munich. And Japan's got an Osaka as well as a Tokyo. But, it was all based on the aircraft of the time. Today when you have aircraft that have far greater range and you have a narrow body like the 757, which is, you know, a single-aisle aircraft but flies from Dulles to Manchester, England nonstop -- we didn't have any flights from Manchester. Couldn't justify it. But with the 757, we could. So you learn all about these various things that depend on what equipment, where can you go, what can you do, where can you stop on the way, where else can you pick up people and whatnot?

Q: This latter is an important point. What people can you pick up? Because you might have a passenger starting in Moscow going to Warsaw but he wants to go onto Chicago. That's what, third freedom, fifth freedom?

STERN: God, it's been so long. I think it's been fifth.

Q: Yeah, I've forgotten my vocabulary too. But those are the kinds of things that you work and throw on the table.

STERN: Yes, yes, mm-hmm. Sure. But you see, you have to have that agreement from the Russians as well. The Russians have to be willing for you to fly revenue paying passengers from Moscow to Warsaw, because that's in direct competition with Aeroflot. You know, if they don't have any objection to you picking up people in Moscow, landing in Warsaw, picking up more people, but not dropping anybody off, so -- and the same thing on the reverse flight. And so when you're putting in for these fifth freedoms, it depends on what kind of a deal you have with the other country. And this was a problem with the Philippines for a while because they wanted to fly the North Pacific route through Tokyo and we would say well, before we can discuss that with you, you've got to get the rights from Japan. Your bilateral to Japan doesn't give you the right for fifth freedom. You can fly to Tokyo, but it doesn't permit you revenue on the way out. So come back and talk to us when you got that and then we can see what we can do. So that was a fun job, I enjoyed it.

Q: I would imagine that given the fall of the Soviet Union, the Eastern Europeans were very forward leaning in trying to make these kinds of arrangements.

STERN: Yes and no. The Poles, certainly. The others were looking at the problem that they were small countries with small populations and could easily be overwhelmed. I mean let's be realistic. How many passengers a day can Bucharest handle? How many times a week would Pan Am even want to go to Bucharest? And would it want to go to Bucharest from where, from Frankfurt? You know? Or from Prague or, you know. So the smaller countries had not really done much international flying, except within Central Europe. They all had short range aircraft. A lot of it equivalent to our own 727's, I think TU-134's if I remember correctly. So their horizons were different. Poland is a, relatively speaking, large country with a very, decent size capital city and a very, very large Polish American population. So they could look out there and say hey, there's going to be a lot of business, we could do a lot with that. And right now it was being served by people getting on a Lufthansa plane and flying from Chicago to Frankfurt and continuing onto Warsaw or converting to LOT or whatever. So each negotiation had to be looked at in isolation because there was so many factors that while there was a certain commonality, there were always many factors that were unique to that country pair.

Q: We're returning to our conversation with Bob Stern. We were talking about negotiations in Eastern Europe. I presume the environment for Central America and whatnot was, again, was different again.

STERN: Very much so. What we were trying to do there, and this was the pet project of my boss', was to develop a single market with the Central American airlines all working together and with us. Each one is a very small market. And there's a limit to how many flights they can take. We are the juiciest plum of them all. I mean everybody was flying to Miami and to Houston because that's another great place where they can hit the hub, change planes, and in those days TWA or whomever, take 'em elsewhere. I got agreements from everybody but Guatemala. We had everything rolled up and signed except one detail: foreign exchange. We wanted a guarantee that our carriers could convert local currency into dollars on demand, so that if Pan Am sold a ticket for so many quetzals, they could take that to the Central Bank and get dollars. The Guatemalans, like many of these countries, were always short on foreign exchange and they absolutely said no, we cannot guarantee it, you've got to get on line. We'll give you what we've got when we get it. And Pan Am in particular had a stack of quetzals backed up which they had been unable to convert. There was only so much they could use for in-country expenses, you know, buying fuel, paying local employees, and so on, but they needed dollars. And the other American carriers of course felt the same way. If we couldn't get dollars for them, then this was not a lucrative or profitable market; it was a market in which they were making money only on paper. So we tried, God, I don't know how many different ways to finesse it, but under existing Guatemalan law, there was just no way that they could say yes, we will write -- sign a treaty giving you priority. So it died on that. But I made about four trips to Guatemala. I mean I was in Panama, I was in Costa Rica, I was in El Salvador. I went through them all. And all the others were pretty easy. Guatemala we just hit that rock because there was the law. And so our carriers told DoT that unless we can get our money out there isn't any reason to do business anymore. You know, it's not in the United States' interest. And we agree to have a whole bunch of, you know, garbanzos, what are you going to do with them? So that one, unfortunately, was not one of my finer moments. I put a lot of time and effort into that project over two years, but in the end was not able to bring that home.

Q: Now, did that kill the whole South Latin American thing or they were just --

STERN: Yes. Well, we still had bilaterals, and we were able to improve somewhat with the other countries. But the deal which we were looking for, the bigger deal which would combine everything, that we were never able to achieve. Now, whether they've done it since, I don't know. I mean I've been away from there a long time. But we had pretty good agreements with everybody. Frankly, that was the banana run where Pan Am used to go from Miami to Guatemala, there to El Salvador, then it would go to San Pedro Sula, then it would go to Managua, then to San Jose, and then to Panama. Up and down and up and down, 40, 45-minute flights. I know, that's how I went to my first post, San Jose. But, and we had fifth freedom all the ways, we were constantly taking on and putting off people. But again, it's a very thin route. You've got countries where the whole population is three or four million people. How many of them -- and a lot of them, you know, peasants -- how many people are actually in the market for airline tickets? But of course they have great aspirations for their carriers and they want -- I want Miami and I want Houston and I want Los Angeles. Sure, what are you going to give me for it? And they didn't have anything to give me for it. That's the problem. Whereas if we could have done it as a, an open skies with six countries, we

could have given them more, because now we were looking at a six-country market rather than one by one by one by one. So as I say, we -- it did not progress during my time. Where it is now, I have no idea.

Q: What was the caliber of the people on the other delegations?

STERN: *(coughs)* Very high ranking. This is always an interesting thing. I mean I'm -- I was an FSO-1 and the guy on the other side of the table would be the minister of transportation. Sometimes the vice foreign minister. I mean very senior people. This stuff was, very, very critical to them and they brought out their big guns. And State Department brought out me.

Q: (laughs)

STERN: But you know, once I'm in the chair, I am the United States. So I have as much power, as much influence, as much rank as anybody in a room. And I must say it was very flattering, a lot of fun to be the big cheese, having spent so many years passing notes and carrying other people's briefcases, it was certainly a lot of fun and ego gratifying to be the guy who called the shots.

Q: Now, I would assume prior to getting in the negotiations there's quite a bit of work in Washington, interagency meetings in preparation.

STERN: Yeah. We would have -- I mean I had staff within my own office who would start it. We would meet over at DoT and we would invite anybody else we felt had a -- any kind of equity stake in the matter, Commerce usually. And --

Q: Now would your deputy assistant secretary go to those meetings?

STERN: No, I did. If it was my negotiation I went. Basically my deputy assistant secretary chaired the meetings with Japan, with the UK. The biggest of the big is when the deputy assistant secretary went. My boss and I, Paul Wisgerhof, Paul and I shared out everything else. Paul's a good guy. He retired out of there.

Q: Did you see much difference between the way Brazil approached these negotiations and Argentina might have?

STERN: Oh yeah, oh yeah, because I went to both on the same trip, as it happens. Argentina we'd been having trouble for years getting them to even agree to meet. Our carriers were being very frustrated by difficulties at the airport with loading and unloading facilities and a whole variety of other stuff. And we'd been getting stonewalled. And as I was going to Rio anyway, I suggested to my bosses, "Look, if I'm going to Rio, you know, I'm three-fourths of the way there, why don't I continue to Buenos Aires and see if maybe I can do something?" So we sent a cable down to the embassy in BA, pointing that out. We talked to the local guys. Would they be willing to receive us and sit down and talk? Said yes. As a matter of fact, if I could dig it out somewhere I have a kudos letter from Ambassador Todman about the job I did in Buenos Aires because I actually got them to open up the roadblock and agree to meet. But the problem in Brazil was Varig, the national airline. They didn't want any of the new airlines getting any of the business. They wanted to be the only international carrier. They had been blocking the expansion of the bilateral for years because

they felt any expansion would only be to their detriment and go to the other guys. And there were at least two others, I don't remember their names. So again, my predecessor had busted his head against this one, and I think his predecessor -- and as I've pointed out, timing is so important. I came in at a time when the Brazilian economy was growing well and was being frustrated by its inability to move products. So there was now for the first time, pressure on the Brazilians to get more aviation, which had not existed before. Varig could no longer hold everything up. There was an opening. So this allowed me to come in and do a very, very -- of all the deals that I did, this was the biggest, was huge. We went in there expecting a reasonable agreement. We came away with about four times what we set out to get, because the, you know, as I pushed on doors, they kept opening, I just kept on pushing. And more doors opened.

Q: What were some of the aspects of --

STERN: Well, for example, I got unlimited charter flights. You know, I said to the -- can't remember their name -- the head of their delegation. I said, "Look," I said, "this is a two-way street. There's nothing to stop your non-scheduled, or for you to set up non-scheduled and fly the stuff into Miami." I said, "But the reality is, is that all of these towns, which produce" -- and I had a whole list of things that they produced -- "they find it almost impossible to get this stuff to market. The roads are terrible, the railroad doesn't go there. There's not that much scheduled air traffic." I said, "These non-scheds represent, you know, a tremendous boom to Brazil. You need to open up your interior." I said, "Yeah, we're going to make money off of it, but so are you. This is a good deal. And because it's open ended, there's nothing to stop a Brazilian entrepreneur from forming a charter airline because the rights will be reciprocal." And Varig had finally pissed off enough people with its stance that they were willing to see Varig knocked down a peg by giving some of the upstart guys something. So the new routes -- but again, as I point out, I don't choose who gets what. But if we say, "OK, we previously have only been able to get two dailies to Rio, now we're going to get four to Rio, four to Sao Paolo, and two to Recife or wherever, and you can have the same. You choose who gets them. Department of Transportation will choose who gets them on our side. I don't represent any one carrier."

So we ended up with a really, really big deal there. But it was, you know, it's like anything else. And I'm not being overly modest on this one -- because I'm not particularly modest -- but the timing was right to be exploited. I saw the opening and I just jumped it. But you know, a year before I just would have banged my head. So it's always, when you're doing things like this, and going back to the Korea as well, or any place else, it's a combination of circumstances that determine whether you're going to be successful as well your own personal ability or effort. The time has to be right. And you can never predict that. So I've gone in sometimes thinking this is going to be a slam dunk, and walked away with nothing. And I've gone in sometimes where I thought this is going to be a hard one and they just gave me everything I wanted.

Q: Now, how tight is your connection with the Economic Section of the embassy?

STERN: Well --

Q: Are they saying hey, come down here or are you saying to them --

STERN: Well, we're working with them of course, and we're working with the desk, you know. And they set things up and whatnot. And one of the officers from the embassy will be on the team. The embassy will be involved. And our officers will be in the embassy. For example, after we finish a set of meetings, either the morning meeting or the afternoon meeting, which is in Brazil, which is pretty much in the same time zone, I could go back and pick up the phone and call the DAS and say, "Chuck, here's where we are. I want to go for such and such, can I give them this?"

And he would say, "Well yeah, but only if he gives such and such." You know, we would work out -- and I would go back and I have my instructions. And I had chapter -- what the hell is that? Something authority to negotiate,

Q: 177, is that --

STERN: You know, normally the Senate must ratify treaties, but there is a clause where they can delegate to the State Department under chapter such and such. And before I would go out I would get a letter from the assistant secretary to me designating me as chairman and granting me this authority so that I could negotiate and sign the deal. But yeah, kind of funny story. Rio de Janeiro's consulate general, the embassy of course is in Brasilia. But most actions still happen in Rio. So the consul general gave a cocktail party in our honor. Our hotel was right on the corniche. We had to go driving along past the Ipanema, Copacabana, whole thing. And we're going along there and he doesn't stop at any red lights. Goes right through every light. And I can't think of the consulate general's name now but I knew him. And I went over to him and I said, "Look, you know, I don't like carrying stories." I said, "But your driver ran every single red light on the way here."

And he said, "Yeah, he's supposed to."

And I said, "You're going to have to explain that one to me."

He says, "Well, you know, we have hell of a lot of crime. You stop at a red light, somebody sticks a gun in the window."

I said, "OK."

Life and love in the Foreign Service *(laughs)*. You know, so these are the kinds of things that'll go on. But it was a thoroughly enjoyable two years. And I predicted what was going to happen in Yugoslavia because when we had talks with them in Washington, it was obvious how disunited they were.. There was a minister from Slovenia, a minister from Bosnia, a minister from Croatia, and of course the minister from -- nominally from Yugoslavia, from Belgrade, and all and all. And these guys are fighting amongst themselves like I can't believe. Trying to set down, what is it you want? And of course everyone, you know, the Croats want Zagreb to be treated as though it's a capital city with those kinds of flights. And the Slovenians want Ljubljana done that way. And this one wants this and this one wants this. Whoa, whoa. "Wait a minute." I said, "I represent the United States government. We deal with *national* governments. I can deal with the Yugoslav Ministry of Transportation and Navigation. I can't deal with five ministries. I am not allowed to. And unless you have a coherent, unified plan put forward by your government for us to consider, we're done."

They said, “OK, we’ll go back, but we’ll reschedule in 90 days and we’ll do it in Belgrade.”

Great, I was looking forward to going to Belgrade. Well, before that happened *(whooshing sound)* -- I told my boss afterwards, I said, “That’s the last time I’m going to see these people.” I said, “They can’t stand each other.” I did not expect ethnic cleansing. And I said, “My God,” I said, “They’ve already retreated into their little fiefdoms. And you know, it’s beggar thy neighbor time.” That was interesting. I wrote that up. It was very -- it was so clear. I mean a blind man could see it.

Q: Mm.

STERN: Nobody would defer to the guy who was nominally the representative of the government.

Q: Now, you also didn’t -- Central Asia was not part of your portfolio?

STERN: No, it was not. Although what would happen -- technically speaking Eastern Europe and Latin America was my portfolio. But things would come up from time to time where everybody else was booked. So for example, on a Hong Kong negotiation I went to London. Because the guys who normally did it were already at another negotiation. And I did a negotiation for Indonesia, but in the U.S. because my boss who would have normally done that was somewhere -- I forget where he was, but he was out of town, so I took that one over. So occasionally, you know, I would do a little of this and a little of that. But primarily, and probably 95 percent, was Latin America/Eastern Europe.

Q: What do you think the State Department’s reputation with the American carriers was?

STERN: They thought that we were a remarkable team: Chuck, Paul, and myself, that we had been extremely effective during our period. And I think they were right. We had accomplished a great deal. We had a good chemistry between the three of us. We liked each other and we worked well together. So it was a very happy office, it was a good office, I really enjoyed my job there.

Q: Now, I would assume, you know, you mentioned earlier that size and speed of the equipment being used was changing over the years. So these agreements actually specified whether it be a 747 or 707.

STERN: Yeah, yeah. That’s what’s called gauge.

Q: Gauge, ok.

STERN: So in some areas we would have what’s known as change of gauge, and of course that’s an old railroad term, gauge. But for example, if a 747 came into Frankfurt and that flight was to continue onto, let’s say, Warsaw and Bucharest and so on, well the 747 isn’t going to any of those places. People would get off and transfer onto smaller aircrafts, 727’s usually, that were stationed there and would just go back and forth as an extension of the 747 flight. Frankfurt was one of the major hubs that we used for that. So we had to have authorization for change of gauge. Our bilateral with the Germans provided for what we called a “starburst” in that a wide body would land and passengers would move onto several

smaller aircraft going to other destinations in central Europe. But a lot of that was, you know, again, so much of it depends on technology. At the time, if you wanted to fly across the occasion you had to have at least three engines and be a pretty big airplane. The 767 was the first of the twin engine over the ocean airplanes. That changed things dramatically. And subsequent aircraft have changed it even further. I mean we now offer service to cities we would never have considered serving because the equipment at the time didn't make it profitable. A very good example is Washington Dulles to Manchester, England. It's a relatively thin route. You put a wide body on it, 350 people or so, you're going to lose money. You put a plane that seats 180, you're going to make money. A plane that flies that far, economically, only requiring a more modest passenger load to make it profitable, didn't exist back in my day. Today it does. And right now both Boeing and Airbus are looking for a successor to the 757. While everybody talks about the big ones; the jumbos and whatnot, there is also a significant interest in a single aisle narrow body successor to the 757. What's interesting is that the A380, the monster, hasn't sold a new airplane in two years. The 787, they're turning them out as fast as they can. The 787 holds maybe 55 percent of what the 380 holds. But it has the range and can make money with less people on board. So what you're seeing is a whole bunch of city pairs which never had nonstop service before, having it because now it pays. The A380 is fabulous for really, really *long* thick routes because you're putting 550 people on there and you're going to, you know, take them from the Middle East or Australia or India. Ok. Makes sense. But we're now, you know, with the 787, airlines are flying routes they never flew before, because it's profitable. That changes the whole chemistry for the guy who's doing the negotiation. Because now cities that he would have been offered before and turned down, now suddenly they're interesting. Before, to the UK, we only went to Heathrow, period. Now we also have daily flights to both Manchester and Birmingham, nonstop. Why? We've got a plane that can do it. And this changes things. And technology changes so much. I'm a buff so I read up on this stuff. But you have to be aware of it and it's the carriers who will be the ones telling you this. You know, when we have the meetings we say, "All right, what are you guys interested in? What is it you want?" And that's when I'm sure it first came out look, now that we have this kind of an aircraft, we want to go -- which we didn't want before. Now in exchange for this, this, this, and this, you can give Chicago. We'll take those four places, add up to one Chicago as an example.

Q: One of the things that came up when China came on line in '79 was to make sure that their pilots understood the international trans-Pacific --

STERN: All pilots --

Q: Did this come up with Central Europeans?

STERN: All aircrew must speak English. That's been the law going *way* back. If you're going to fly -- the language of aviation is English. If you're in a control tower anywhere -- control tower people and the pilots talk to each other in English. I mean if Lufthansa's flying into Frankfurt he speaks in English to the guys in the tower. One language. And that's to avoid confusion. So you have the same, terminology for the same things. And you must speak English. Because it is the lingua franca, which is somewhat of a non sequitur.

Q: So that didn't have to come up in the negotiations sort of thing.

STERN: No, no. Because I don't certify that sort of stuff. That's for our FAA to do.

Q: Or our ICAO probably.

STERN: Well, if it's coming into the U.S. it's FAA. The ICAO sets international standards. That would have been a job I would have liked up in Montreal. But we set the standards for who and what -- for safety and everything else, coming into the U.S. The FAA will periodically go to other countries and look at their maintenance facilities and whatnot. But that's not State Department.

Q: We're returning to our conversation with Bob Stern, and it is the 5th of October. Actually, let's show briefing Secretary Rusk in at this point so that you don't forget it when the transcript comes back.

STERN: I think, as I said, I should go back and point out I guess my -- going on the AFSA board and repeating what I said to you earlier. Or do you have an account?

Q: Sure.

STERN: OK. Well, when I went on the Philippine desk in '78 I also got involved in working with AFSA in one of the committees, I forget which one now. A vacancy came up on the board and I was appointed as a state representative. And that was at the time when the Congress had just finished doing the civil service reform and was now turning its eye to doing a Foreign Service reform. And we had successfully beaten this challenge off before, but now they were coming in and they were telling us there was absolutely no way that the State Department is going to be exempted from reform, period, end of conversation. And when the senior members of the board, the president, the vice president, and so on went to see management and ask for, you know, formal negotiations and discussions under the bargaining agreement they were advised that this did not come under the bargaining agreement because it was legislation and that the administration and the Congress always had the right to legislate And that while we could bargain on regulations and whatnot within laws and all, we couldn't tell the Congress what it could and could not do in a law. And our legal counsel agreed. That's the way it is. I mean you may not like it, but that's the law. So we went back at first very discouraged because we had read the draft and it -- from our perspective it was terrible. It would have basically converted us to the civil service. It would have taken away the examination process. It would have taken away the rank in man and put it in rank in job. And a number of other things that we didn't like. Can't remember them all, this is so many years ago now. You know, we're talking about 37 years ago. But we got together, all the board members, and there were a number of senior officers who were legally not represented by us, but were friends of AFSA and to whom we looked to for advice on a lot of things, several assistant secretaries and deputy assistant secretaries, really sharp people who could give us good advice. And we came back with the idea that we'll go back to management and we'll say OK, no argument, we accept the fact that this does not come under the bargaining agreement. We're not going to fight you; you're right. On the other hand, don't you think we would all benefit if we worked together, if what we produced was a document that we're both happy with, rather than letting us go up there divided and letting people who we know want to gut us have the upper hand. Because if we go up there divided they'll use that to kill us. So we need, you know, in the old famous words of Benjamin Franklin, "Hang together or most assuredly we'll hang separately." They thought it over and they agreed, that they would be willing to discuss -- not bargain, not negotiate -- but discuss

and hear our opinions. But it would have to be evenings, weekends, holidays. Not during duty hours. Which we agreed to. So over the next two years, the board and committee members -- we formed several committees - gave up evenings weekends and holidays to meet informally with selected members of management and go through the act line by line. And we managed, I think, to bring the majority of our concerns favorably to management. There were some things we were told were absolutely non-discussable, that the Congress was determined that there would be a Senior Foreign Service, there would be a senior threshold, there would be a junior threshold. Those were items that were carved in stone and that, forget about even talking about it, that's it, it's going to be. But pretty much the rest of it was open to discussion. We were able to argue and then have a position based with facts that they could present to the Congress that the examination process was a good indicator of success in the Foreign Service. Therefore, it was a valid test. It wasn't, prejudicial. The Foreign Service has been -- had been -- used to be a very WASPy, organization. That had changed. But it was still a pretty white organization. And the question was whether or not the exam process, denied other people equal access to it. And by being able to demonstrate factually that the exam was a very good predictor of success we got to leave it in. And that was a huge win. Same thing with the promotion boards, that they wanted to go to the civil service system where the rank was in the job, not in the man. And we wanted to stay with our and the military system where rank was in the man, not in the job. And we pointed out, again -- and when I say we, I must include management in this because we worked on this together. This was not just a few of us happy rebels on the AFSA board. There were a lot of people doing this. We had a lot of help and support from inside the department because they agreed with us. And we managed to keep the rank in man, which we thought was extremely important. Managed to keep the promotion boards, the assignment system, all of that. I can't remember all of the items. I mean, as I say, it's almost four decades ago. And I'm sure there's a record some place, but I don't have it.

Q: One of the key points here, the rank in man has to do with how their organization assigns its people.

STERN: Mm-hmm, sure. It's key to the idea of worldwide availability. It's key to the idea that Foreign Service officers are essentially, even though they have cones, they're generalists. You can put them in different places to do different things. I mean I'm nominally an economic officer, but I was also a senior watch officer, I was an associate director for counterterrorism. You know I could do other things, and I carried my rank with me, just as, say, an army captain could be commanding a company or he could be a quartermaster, he could be doing all kinds of things that call for a captain or a major or whatever. So that our system made sense, that it was not arbitrary, we could offer good, solid, empirical evidence. And that was where so much of the work went: developing the empirical evidence. Because here we'd been doing this for so long, we just took it for granted. Nobody thought we had to demonstrate or prove it. So a great deal of work went into digging up -- and this is pre-computer, remember -- but digging up records and going through things and getting people's opinions to where we were able to put together a coherent case where we could show this was not giving something to somebody in favor of not giving it to somebody else, but rather these were a criterion critical to the functioning of the organization.

Q: Well, for example, earlier you're saying under the civil -- under civil service type rules, you wouldn't be able to assign somebody --

STERN: No.

Q: They could turn it down. Whereas under Foreign Service rules, rank and man, if you're told you're going to Vietnam --

STERN: You're going to Vietnam. Well, and of course that happened to me twice. I mean I was scheduled when I finished in 1972, when I completed my tour of duty with Office of Economic Policy for ARA, I was paneled to go to Budapest as chief of the Economic Section, small section, two-man section. And I was going to get 11 months of Hungarian language training, which I thought was great. I'd get a second language, I'd get into the European bureau, I'd get a little check mark that I was a section chief. I was just delighted. Unfortunately, the job of chief of the Commercial Section in Hong Kong, which was a job two grades above mine -- it was an 03 job and I was an 05 of the old ranks -- suddenly opened, and unexpectedly the chief was gone. That was a job they deemed could not sit for another year vacant because we were past the assignment cycle. Everybody's been assigned. So they went looking around said, "Oh, here's Stern. He's about to go for 11 months of Hungarian language. Oh no, he's not." *(snaps)* Hong Kong. So suddenly I found myself chief of the Commercial Section in Hong Kong. Btu they could do that. And I stood there and saluted and said, "Yes sir."

Q: But in even more recent times, the assignment to Afghanistan and Iraq --

STERN: It's needs of the service is basically what I was told. And I said OK, off I go.

Q: And that doesn't apply to civil service.

STERN: No, no. Now, there's certainly ways that the civil service can be coerced, but legally -- and functionally -- and it's much easier to say, "Stern, you're going to Hong Kong, and that's it, *boom, boom*," I mean no discussion, no nothing, we're doing it, rather than have to figure ways to get me there against my will. So that was very, very important. And it was valuable to me as well because assigning me to a job nominally for an officer of rank greater than mine, it also meant that if I did a good job I could probably look for a promotion, which did in fact happen.

Q; But some of these things were at risk as the Congress --

STERN: Yes.

Q: -- was looking at a new Foreign Service Act.

STERN: Well, one of the problems was State has never had a real constituency. When you represent everybody you represent nobody. You know, if you're in the military, everybody, supports the military. If you work for the Department of Agriculture we've got the whole farm bloc and so on. State doesn't have that kind of a national constituency or natural constituency. And there is the caricature or the stereotype of the idea that a Foreign Service Officer is somebody who comes from a very wealthy family, went to all the private schools and the prep schools, then to the Ivy League colleagues and whatnot. And that is the stereotype. And at this point let me introduce an anecdote. About five years ago my wife and I made a trip to Russia. And toward the end of it we were in Moscow and the tour group

broke up our group of 40 into five groups of eight. We visited an elementary school and eight of us would go into a classroom and talk to them, which is interesting because kids are fun and we were strange creatures to them. They asked us what we did for a living before we retired, because we had been introduced as all retired people. And people were -- this one might have been a schoolteacher and another a lawyer and so on and so forth, the normal occupations that you expect. And they came to me and I said, "Well, I've been a diplomat." I figured that was simpler than trying to explain what a Foreign Service Officer was.

So I got a collective gasp *(gasps)* from the group, and this one girl, about 11-years-old, she said, "Oh, you must have come from one of the distinguished families and you went to all the best schools, and da-da-da-da-da."

And I said, "Actually," I said, "my dad was an immigrant from Poland. He came to the United States when he was 12-years-old. He's worked in a garment factory his whole life. And I'm the product of the New York City public school system."

And again big gasp and this other girl said, "You are the fulfillment of Lenin's dream, the worker's son made good."

Well, I just cracked up and I said, "No honey, that's the American dream *(laughs)."*

I thought that was hilarious. But the stereotype lives on. I mean I've been asked by people here, do we have a foreign legion? You know, they just can't grasp.

Q: People in Washington state you say it and they think they heard "forestry service."

STERN: (laughs) I can believe that. Yeah, I can believe that. Any rate, trying to get it across to, first, with the staffers. The staffers were so important because they're the ones that draft all the position papers for the principals. If you get the staffers on your side, you're going to get the vote. And convincing them that we weren't a bunch of effete, you know, sort of East Coast pansies, but rather that we came from all over, we came through a meritocratic examination process, promotion boards were very meritocratic. And you know, sure, there are glitches here and there, there's no perfect system. But by and large, the system worked. And the proof of it is we could point to so many people, so many different ethnic backgrounds. You know, we had guys like Mort Abramowitz and Hank Cohen, you know, as well as Dick Murphy and Skip Gnehm, and you know, so many people of different ethnic backgrounds -- and it was obvious that what might have been true before 1948, before the Rogers Act, was certainly not true anymore. And we tried to blast that stereotype out of the water. And we could do that by pointing to guys like Joe McBride and myself and others, who came up from just average families. Nothing special. And that we got in over many people who'd gone to schools like Georgetown School of Foreign Service or SAIS or whatnot. But we did better in the exam that they did. We got in, they didn't. so it was obviously not the stereotype, and that was a very hard thing, to break that stereotype. Which I still think holds to some degree, the caricature. But it was a very interesting period and I thoroughly enjoyed it, and I did my three years on the Philippine desk at the same time. And the same -- one of the things that came up during this, which was coincidence with both being on the Philippine desk and working on the AFSA committee was my working with former Secretary Rusk. Then President Ferdinand Marcos of the Philippines had been invited to Honolulu to be the keynote speaker at the American Publishers Association. The Carter

administration was less than thrilled because we were trying to press Marcos to lighten up. He had declared martial law, a couple years before that. We were pushing all directions on that. And this was not an official state visit, we really didn't want him to come, but there wasn't any way that we could stop him. And it was decided that he is the president of an allied nation and we had the bases there and all and we would have to do something for him. So they decided that retired former secretary of state, Dean Rusk, would be the president's representative. So we would have a senior enough representative that would not be insulting, but not so senior to suggest that we were kissing his rear end. And Dick Holbrooke, who was the assistant secretary of state for East Asian Affairs, and his assistant, Dennis Harter, a classmate of mine, my boss, Frasier Meade, the director for Philippine Affairs, and I, were to accompany this party to Hawaii. And I had particular instructions to meet with a number of members of Marcos' party on some economic matters. There was a chance we could talk informally. So we're on the plane flying between Georgia and California.

Q: Georgia where you picked up Rusk.

STERN: We picked up Rusk. He was in a cabin upfront, very, very VIP, very plush. And that's where the secretary was with Holbrooke. And dinnertime Holbrooke comes back to me and he says, "Bob, I want you to have dinner with the secretary." And you know, I was the junior guy. And I asked why? And he says: "The secretary is a friend of the Foreign Service." And Dick, of course, had been a career officer before he resigned over Vietnam. So he had a very strong interest in the Foreign Service. He said, "I'd like you to go in and tell him what you and AFSA are doing and maybe he'll put in a good word in a few places because he still has some influence. OK. So there I am. What was I? I guess, I guess I was an FSO-4 old school, and I'm having dinner with the former secretary of state and the assistant secretary and the secretary's wife. And he was very interested and he asked a lot of questions and I gave the whole pitch and then bowed out as gracefully as I could. But it was an example of how there is a fellowship, a camaraderie that extends beyond day-to-day rank. I mean Dick -- I called Dick by his first name, but he was the assistant secretary, he was my ultimate boss. And I didn't have to salute him and I didn't have to call him Your Excellency. I knew who he was. And there is that informality, which in some ways I think disguises the discipline that's there. But it is kind of an attitude, because it was such a small service, that people operate under the idea well, you're all adults until you prove to me you're not. And I will treat you as an adult and we can be informal, but you know if someone says to me, "Bob, I'd appreciate it if you take care of that," that's a direct order. But because we're all adults he doesn't have to say, "You will," you know, he can say -- he can put it nicely. And we all understand this and it works. And if ain't broke, don't fix it. So I -- by the way, I did not call the secretary by his first name. I called them Mr. Secretary and Mrs. Rusk. I have no idea if he spoke to anyone about it or what impact it might have had. But I know that thanks to the assistant secretary I got the chance to pitch the AFSA position.

Q: One of the things you were talking about earlier was the up and out provision of the new legislation, and you said, AID and USIA set it at eight years and State set it at six?

STERN: Well, initially. You know, Foreign Service has always had an up or out system, so that was not unique. But here, for the first time, they were establishing a 27-year period of service total and that you could only have so many opportunities for promotion at a given level, particularly at the 01 level. You have what they would call a window. And you could choose when you would open your window to be considered for promotion. If you didn't

open your window, your file would just stay in the box and promotion boards would never see it. The initial recommendation was that the window be six years. And everybody knew based on history that the first couple of years that you were in grade nobody -- unless you, you know, you saved the world, the chances are you're not getting promoted. You're too junior, you haven't been in grade long enough. It's the third and fourth year that people start looking at you more seriously because you now have a track record. The fifth year maybe, the sixth year it's a tombstone promotion and you're probably not going to get it. And we all had known this to be true throughout our careers, but the six-year window was based on historical promotion rates, that this would be a fair amount of time to give people a shot to be promoted. And that the number of years' window could be adapted and changed as necessary if circumstances changed. Well, circumstances changed when senior promotions fell dramatically and both AID and USIA made their window eight-years to reflect that. State adamantly held onto the six-year window. So what it meant was two, two and a half percent of the O1s were being promoted into the Senior Foreign Service, it meant that we were killing off 97 to 98 percent of the 01's every year, which is ridiculous not so much because it's me personally. You know, whether I stay or not stay doesn't affect the service all that much. But by the time you reach the one level, you are a repository of one hell of a lot of experience and information. Just to summarily toss you out, you're throwing all that away. So much so that they had to develop, as you and I both know, the WAE thing. I mean thousands of us were brought back to work in all these other jobs, whether it would be, as you and I did because of 9/11, I worked before then in Freedom of Information, people work on the desks, people work through all through the department because we are the experience. You know, we've been there, we've done that, and we free up people to go overseas. So yet, they still cling to the six-year window, which is demonstrably dumb. Because you're throwing away the people you need. However, in defense of the department, as long as the Congress limits the total number of officers, and you have a career service, the only way you can bring people in at the bottom is to kick people out at the top. Otherwise, you have that fixed number, you can't -- we've had years in which we've not given the exam, if you remember. So this was one of the ways in which they were going to try to cure that, to have a more predictable flow through. So I sympathize with what they were trying to do, I just think they did it the wrong way. One of the things I would have liked to have seen would be, OK, you've had your six shots, you didn't make it. But you're a good officer. Give you a lateral, make you a reserve officer. You can continue, but you're no longer in the promotion line. You can never be considered for promotion again, but you can work another five, six, seven, eight years. And we need you. And we tried to get that in there, kind of this lateral. And then there was supposed to be a list that the secretary would have of all retired officers that would be in the Foreign Service reserve and we could call them up. Didn't happen. They went scrambling like crazy when they suddenly needed all the people for Iraq, Afghanistan, and everything else. But this is still a fundamental problem as far as I'm concerned. I mean, God knows, at my age I don't want to go back. But to take all of these very bright experienced professionals who still have many years of very useful service left in them, and to arbitrarily push them out at the height of their powers, is stupid.

Q; Now, let me ask you this. The original drafting was done under the Carter administration and the first implementation was done under the Reagan administration.

STERN: Yes.

Q: Did that make any difference on how it unfolded?

STERN: Not really, because this was really a congressional initiative more than it was a presidential initiative. The Congress had successfully put through the Civil Service Reform Act. Now, by God, there was going to be a Foreign Service Reform Act. We didn't rise to the level of presidential attention in some respect because there's so few of us.

Q: Well, part of why I'm asking it that way is my impression is that the Reagan administration had an attitude toward the Foreign Service that wasn't exactly friendly, and you had more political appointees put into the system than had ever been put in before. We always talk about how many ambassadors went -- but the Reagan administration put people down on the desk and went on and they both locked the opportunity for Foreign Service officers to serve.

STERN: There was that. But the Congress has an attitude, as you know most incumbents get reelected. So we were dealing with essentially the same people even when the administration changed. I honestly don't remember whether or not the leadership of the Congress changed during that period or not.

Q: Well, once the law was set Congress is off the table and the issue is how does the Reagan administration administer this? And I recall some New York Times articles about six years into the Reagan administration, that there were all these 45 to 50-year-old Foreign Service officers with three languages and whatnot being dumped out.

STERN: Yeah.

Q: Because there was no promotion opportunities.

STERN: We went through -- and this, again, is one of the reasons why we were so bitterly against the six-year rule, the six-year window. Now, what I did in my case, personally, I didn't open my window until I had 21-years service. So my six years would coincide with the 27-year maximum. A lot of people chose to open their window much earlier, so they ended up out at 22-year service, 23-year service, 19-year service in some cases. I made the decision looking at the numbers that getting promoted was going to be extremely difficult and I tried to look at myself as honestly as I could. a) I only had one language. And having more than one language is definitely one of the major criteria for promotion into the Senior Foreign Service; b) I had been in and out of my cone so much that while I liked what I was doing and everything else, it was an inconsistent pattern. And that is not something that is also very positive. And from time and time I've been known to have a big mouth. As you know, I was never one who just saluted. Actually, I'm surprised I got as high as I did. But I basically thought that if I got promoted I would have to ask for a spell check. So, I sat down and I figured out what would be my best moves and I decided I would not open my window until it coincided with the 27 years, and I was able to plan for a date certain that I would be retired if I didn't get promoted, and I began doing all my financial planning accordingly. So that should September 30th, 1993 prove to be the day I got the big handshake, which it was, I had everything already lined up. It wasn't going to be what do I do now.

Q: Well, it's interesting because this rank in person system does have that kind of definitiveness. Because I remember military colleagues saying, you know, one of the differences between the military and the Foreign Service is we're always told, "If you make

lieutenant-colonel you're doing well. If lightning strikes and you make colonel, that's a great handshake. But past that, you have no honest expectation past that."

Whereas from A100 through the whole thing, all my Foreign Service colleagues knew they were going to be ambassadors.

STERN: Partly that's hubris of course. But it's also, I think, a function of the structure of the Foreign Service as opposed to the structure of most organizations. The military is very pyramidal. You can only have so many sergeants, so many corporals, so many private first class, so many lieutenants, so many first -- and so on, because it's a pyramid. And the pyramid continually gets narrower. The Foreign Service is more like a law firm. It's a horizontal structure. Yes, there is a pyramidal base to it as well, but think about it as a horizontal structure where you've got lots of partners, senior partners, junior partners, and associates trying to become partners. We tend to be more horizontal because a) we have no enlisted men to start with. And b) we move people around so freely and easily and give people jobs to do, you know, without regard almost for their rank. I mean I've done many things that, theoretically I wasn't supposed to be doing, but they needed somebody and I was there. So I did 'em. You know, it wasn't oh, he's so good, we'll put him to do this. It was oh my God, thank God, we've got a warm body. You know, you've seen this. Warm bodies are very good. But think of -- I think of the Foreign Service as more horizontal. And I use the law firm as my metaphor, which is why the expectation of making 01 or 02, colonel, lieutenant-colonel equivalent, I think is very realistic. I think today it's much harder to make one then it was when we were in. I think more people are retired as twos today. I may be wrong on that, but that's the impression I get. But you have an embassy. You have a certain need for people at given levels. And every embassy's a little different. Whereas every rifle company is the same as every other rifle company. Every armor company is the same as every other armor company. So you know how many sergeants, how many lieutenants, how many majors, and so on. The Foreign Service is not like that. And that's why we have more reasonable expectations, I think, of going up to a certain level. I do think the final one is that you have no real expectation of being the general, which is the Senior Foreign Service. That I think is where we're in the same boat. Because you're looking at two percent of 01s really who cross that line. So I think that's valid. And again, I have no regrets, I have no complaints. I think I was treated very fairly throughout my career. I've got no problems whatsoever. And I loved it, I enjoyed it.

Q: Well, as a matter fact, let's go back to our timeline.

STERN: Sure.

Q: It's 1991 and you move from the aviation desk in the Economic Bureau to the Office of the Inspector General.

STERN: Yeah.

Q: How did you get that job?

STERN: Well, it was interesting. I knew that that would be my last assignment. Because at that point I had my 25 years in and I knew I had only two more years to hit the 27 and was absolutely convinced that unless lightning struck I wasn't going to be promoted. So I was

looking around, what did I want to do that would be interesting and also might provide something that I could do as part time after I retired. And I knew the IG used retired officers from time to time. So I went over and I talked with them, and they were putting together a new team. You know, they have a number of regular teams. They were putting together another team because this was a very unusual period, 1991. The Soviet Union and all of the Warsaw Pact had imploded, 1989. We had Gulf War I. So things had changed dramatically all around the world. And one of the things that the IG was interested in was are our major embassies adjusting to this tectonic shift, or is it business as usual? So we were to go out and do the high profile posts. So we did Germany, Japan, Great Britain, Saudi Arabia, Kuwait, and Mexico. And while we were to do all the normal IG functions, we were also supposed to look at the embassy as to whether or not it was structuring itself appropriately now that we were two years past the end of the Soviet Union and the Warsaw Pact. And the first place we went was to Germany. And I was dumbfounded to see that they were still set up as if they were worried about tanks coming across the Fulda plane. I mean the Pol-Mil Section was the largest section in the embassy. Which it should have been back in the day but not in 1991.

Q: Now, let's go back over that. The head of IG is Sherman Funk.

STERN: Yes.

Q: So these teams that you're talking about, who did they report to?

STERN: Well, we reported to Sherman, through the deputy IG. But the idea was that while we would do whatever a normal IG team did when it got to an embassy and a subordinate post, we would also very specifically be looking at whether or not the post had made the kind of adjustments and was in the process of making the kind of adjustments to reflect the brand new world we were living in.

Q: Now, the teams had been made up of one senior officer or --

STERN: You had a retired ambassador as a team leader, you had another retired Senior Foreign Service Officer, ex-DCM and whatnot as his deputy. I was the senior economic officer. Then they had a senior consular guy, a senior admin guy.

Q: OK, so all the cones are represented.

STERN: All the cones are represented in there. And as I say, we're going to perform all that we normally perform, but with this additional task, to look at,, hey, nobody expected this, nobody planned on this, what are we doing? And I thought whoever came up with that idea was brilliant, because we discovered nobody had really taken a lot of this into account. And when we got to Germany, we found that the Pol-Mil Section was huge! And we didn't need that many pol-mil officers. We needed officers in other parts of the embassy and we also could send officers from Germany to other posts. Germany was a plum post and always heavily staffed and, it was a very important post. There's an old joke that we staff Vienna as if it were still the capital of the Austro Hungarian Empire! I'm not denying all of that, for all the usual reasons. Nobody wants to give up anything. But the reality was, they didn't need it. And that was among the things we did. We found the same thing was true in the UK, same thing was true in Japan. We got to Kuwait not terribly long after the Kuwaiti government got back in. So there we were looking at, you know, the rebuilding and all, which was

interesting. And Saudi Arabia was fascinating because they were starting to come to the conclusion back then that maybe Israel wasn't their primary enemy, which shocked us. But in talking with some Saudi officials, instead of using the regular rhetoric of "Zionist Enemy" they would actually say Israel, which was a major change, just that one word. And they began to see that what Saddam had done in Kuwait and the terrorism that was popping up as being a critical thing, something that they had to worry about, which before they didn't. So how well they thought about it is another question. But we could see changes there. And that was fascinating. And I say, getting into Kuwait shortly after the Kuwaitis got -- shortly after Gulf War I was a very interesting thing as well, and I got to go out into the desert and there's a thing called a dewaniya, I don't know if you're familiar with that. You are, OK. Well, this was hilarious because the econ counselor said, "I'm going to take you out to a dewaniya" -- I forget the name of the village or whatever the hell it was, way out in the boonies. And you know, tents and food out and whatnot, and this is where everybody, you know, ritually goes up and kisses the hand; makes their plea and whatnot. We get out there in these huge tents, get inside the tents and they're lit with electric lights, and they're air conditioned *(laughs)*. And the seats are all along the perimeter of the tents. And the boss, the sheikh, is down at the end. And one by one people go up, tug their forelocks and make their plea and get a ruling and whatnot. And we get a couple of hours of this and we're drinking mint tea. I'm fascinated by all this. And then we go out and they've got these trestle tables set up, and we dine. And a lot of the people, the Kuwaitis, spoke English. But it was, you know, it was fine. I mean I -- there was a platter of lamb about three, four feet to my right. I wanted some lamb. So I said to the guy, I said, "Excuse me, would you pass me the lamb?" You know. I expect him to pick up the platter and pass me the lamb. He just grabbed a chunk of lamb and put it on my plate. Fortunately, we'd all ritually washed our hands before we came to the table, but you know, different strokes for different folks.

Q: Now, who was the team leader?

STERN: I worked for several. First team leader I had was Rocky Suddarth. Then I worked for Fred Rondon. And then last was Dan O'Donohue. I liked 'em all.

Q: Now, was Roscoe the first go around with the Germany, UK, Japan, or those represent different trips?

STERN: Well, they're all different trips. I mean we'd go out to Germany for two months, then we'd come back for a couple of months, working to prepare for the next -- then we'd go out again for two months. Because Germany you had -- Bonn obviously was still the embassy, but we had the office in Berlin, which had been the former embassy in East Germany, and then we had Frankfurt, and Munich, and Hamburg, and just opening a post in Leipzig. Another classmate of mine was going to be principal officer there. My classmates got around *(laughs)*. Any rate, we, we split up into sub-teams. For example, because I was the economic officer, I went to those posts that had a strong economic function, like Frankfurt. Places that were primarily consular I didn't go. Because they didn't need me there. The consular guy could pick up on whatever other. You would cover for each other a little bit like that. But it was a very interesting assignment. I mean it got old in the sense that being away for two months at a time for two years, I decided that when I retired I didn't want to come back. It was too much and it was hard on my wife and I'd gotten to the point where I really, really was tired of airplanes, hotels and restaurants. But I enjoyed it while I was doing it, because I got to go and see things and places I wouldn't. And I got to do things that I

wouldn't have normally had been exposed to. For example, in Germany in 1991 there was an effort to sell off the old industrial properties of the former Eastern Germany and to get massive foreign investment. And they had one of these multi syllabic German names for the outfit "Treuhandanstalt" which was the prime mover. Because I was the econ guy I was asked to meet with them and then poke around in the former east and do a memorandum as to whether we should or should not support this as something the United States should get behind or not. So I went along with Rocky to the headquarters of the Treuhandanstalt which was located in Goering's old headquarters, the former Luftministerium. And it had these paternoster elevators. You familiar with these things? They're just constantly revolving. You step on, you step off. You may have seen them in old movies. Like a dumbwaiter.

Q: Mm, mm-hmm.

STERN: You just walk in -- they're constantly going around and around. There's several in a row. You just step onto it. They're going very slowly. You get to your floor, you just step off. They call them paternosters. You know, because our father, you know, could get killed in one of those. Anyway, we went there and we got the briefing from the Germans about what a fantastic opportunity this was and how the United States as their principal ally should really get behind them and we should encourage American investment and so on and so on. I went to our embassy office in Berlin and got a young econ officer who spoke fluent German, got a car. And the two of us took off for three days, just roamed East Germany. Didn't tell anybody where we were going, no advance notice, we just showed up in places where there were factories and schools and everything, and looked at the infrastructure. Just wandered. Came away so appalled at what a total ecological, environmental, and industrial disaster East Germany was, that if you want to find a place to lose money, we'd found it. And I wrote a very strong recommendation *no*. Because the couple of good things the Germans had were already given to other Germans, like Leica had already been sold to Germans. The rest was junk. Under the old COMECON system, it was actually mercantilism writ large. You had the old Soviet Union at the center, and then a tentacle reaching out to each of the subordinate states in Hungary, Czechoslovakia, Romania, East Germany, and so on. Each of these countries was told what it would produce, both industrially and agriculturally. It didn't really matter whether it was suitable or not, this is what you would produce. Everything then would go back to Moscow and then be distributed out to the other countries. Kind of thing we fought a revolution over. It was an incredibly inefficient system, but it did guarantee that Moscow had control. We found, for example, some of the agricultural areas were totally unsuited for a specific crop they were growing and to do it they had to use massive, massive amounts of fertilizer and pesticide. Totally polluted the land. Factories, for example, we went to a pump factory and honest to God, just like the old jokes that turned out to be true, they were supposed to turn out so much tonnage a year. They did. And it was easier to make 20 great big pumps than a thousand small ones, and the equipment was old, untaken care of, 1950s, or even earlier. Anyway, it was very clear that this was not a good thing, that the Germans were going to have to pour tons of money into this over the coming decades , the classic be careful what you wish for, well, they got their reunification, but what they got was an ecological disaster area, an ancient road net and communications system and people that didn't have any initiative.

We went to a high school senior class where they were studying English. So I could ask questions directly. And it was mostly girls in the school, in class. I think there's something like 20 girls and two or three boys. And I kind of jokingly said, you know, "I've got a

teenage son that would certainly love to be in a class like this." Well, it turned out that under the system that they had, it was primarily girls who went on to higher education. They became the doctors and the other professionals. The boys went into the factories. And despite the fact that they went to the factories, they got paid more than the girls who became doctors. So the boys were not for the most part, although there were exceptions, they were not for the most part going on for higher education. Now, we're in this area where there is damn little going on. The unemployment rate is like 40/45 percent. And I asked, "How many of you plan on going elsewhere to look for work once you graduate?" Nobody. And I said, "Well, you know, there are no jobs here." Ah, but this is my home, this is where my parents and grandparents live, and on and on and on and on. I thought that was amazing.

Until we got to Bonn and I found out that the admin counselor had sent out a notice sometime previously that in due course, as the German government moved out of Bonn, so would we. They'd leave some residual stuff behind, but for the most part, everything was moving to Berlin. So we said, to our FSN's, don't worry about it. Your jobs are safe, we'll have jobs for you in Berlin, we'll have assistance on housing, and everything else. You know, it's a *force majeure* thing, we'll protect you. Well, more than 95 percent of the FSN's said they weren't going. They were staying in Bonn. And the counselor said, "You realize that this is going to be a ghost town; it's actually Bad Gottesberg, not Bonn. And the only reason anything is here is because this is where all the foreign embassies are. You know, it has no natural industry or employment, a focus of its own. These houses are going to be worth less and less, it's going to be a hell of a depressed neighborhood because nobody wants to live here. They didn't care. This was their ancestral homeland. And that was more important than anything else. And I was -- coming from an America where most folks go anywhere, I was dumbfounded by this. But it was explained to me yeah, that you find this all through Europe, the Germans aren't unique in it. So that was going to be a problem, major problem. What do we do? How do we staff our embassy in Berlin if --

Q: When you're leaving all your people behind?

STERN: Well, if we can't bring our people! Which kind of in a way goes back to what we were talking about before about how in the Foreign Service you can say this is where you're going, this is another example. I mean we couldn't order our FSN's to go anywhere, and for the most part they didn't. I'm not sure how they ever resolved it, to be honest with you. But that was a huge problem. This is among the fun things about being in the Foreign Service. You learn the strangest things that you never expect. But it was remarkable that things you would not think of, you know, when you think hey, everyone's going to be happy, suddenly shortages are going to be a thing of the past, the stores are going to have food and clothes in 'em and all and everything else, and you can move around, you don't have to get anybody's permission. No. Didn't work that way. And --

Q: How does that song go? Tradition!

STERN: Thank God, my grandfather had enough brains to get the hell out of Poland right after the First World War.. Probably the smartest man in my family, because he got the family the hell out of there, and the rest of my extended family that stayed there got caught up in the Holocaust. Anyway, being an inspector is a very interesting because you get, to see an embassy in a different way than from when you're serving in one. You get to go through their files, you get to be a real snoop, you get to talk to anybody and everybody. You get to

meet the contacts. I would meet with the American Chambers and all these other groups all around. And it was a thoroughly enjoyable and interesting two years. I didn't want to repeat it. I think I'd gotten enough out of -- I mean there were professional inspectors, GS's, and they'd been doing this for years,; usually admin people. You didn't really need any Foreign Service background for that, but we had people with backgrounds in accounting and finance who could really go over the books. I was quite satisfied, thank you, and you know, as I expected I didn't get promoted, so September 30th, 1993, I was gone.

Q: Now, between Fernando Rondon and Dan O'Donohue and Rocky, any difference in how they operated the teams?

STERN: You didn't see a whole hell of a lot of any of them during the time at post because they spent a lot of time with the ambassador and the DCM, which is where they were supposed to be. I was off with the Econ Section. It's when we left the embassy to go to a subordinate post that that would change. So for example, when we went to Osaka, the number two guy headed the Osaka team and I was his deputy. And who was it? It was Fred, Fred Rondon. Fred went to Okinawa, because of the special things and all that stuff going on in the Pol-Mil. He took half the team to Okinawa while Dave Lambert led the other half of the team to Osaka. And then I went with Dave, we took another rump group down to Fukuoka. I probably spent more time with Dan O'Donohue than anybody else. For some reason Dan and I hit it off. And he and I would often have lunch together, go off to something like that and talk and whatnot. And I liked Dan. Very bright guy. He's got some fixed views on a number of subjects that I learned not to touch. But good guy. And you know, they were all good. There were all these interesting little tie-ins, I mean some of these funny -- like Fred Rondon's daughter when he was ambassador to I think Ecuador, his daughter got picked to go to presidential classroom. Well, my daughter the same year, we were in Korea, got picked to go to presidential classroom. They were classmates in Washington.

Q: My goodness.

STERN: Yeah.

Q: Now, this list, Germany, UK, Japan, Kuwait, Saudi Arabia. That's where you went over the two-year period.

STERN: Yes. Three in each year.

Q: I've got five names: Germany, UK, Japan, Kuwait, Saudi Arabia --

STERN: Mexico.

Q; Mexico. Now, in terms of this overarching -- have you adjusted to the end of the Cold War?

STERN: Well, you also had, you also had the Latin American free trade agreement, Mexico was going to be a very big part of that. And of course the Gulf War I, which is the Saudi Arabia-Kuwait portion of it. They were very interesting times. And I really enjoyed it. You know, how many times does somebody named Stern get to spend a couple months in Saudi

Arabia and Kuwait?

Q: I've read from time-to-time that America buys from Asia and sells to Europe. Did that observation come out in looking at these embassies?

STERN: That's an oversimplification. It's true that we buy a lot from Asia. We also sell one of hell of a lot to Asia, and that's not always recognized. I think one thing that most people don't realize is that we are the greatest agricultural producer in the world and that shows itself in many funny ways. Give you an example. Most of the gloves that you buy here in the United States were manufactured in the Philippines. The reason for that is that gloves have to be sewn by hand. They can't be done by machine. Because you've got to do all the little fingers and up and around and whatnot. But what's interesting is the leather and the linings are all American. Because the United States is one of the greatest leather producers in the world, because we have all these cattle and horses and sheep and whatnot. So the glove company would buy the leather in the United States. And a cutter who is the prince because leather obviously is irregular, you don't have any nice rectangle to work with, has to figure out how many gloves he can get out of a given piece of leather, and different sizes and everything else. So all of that would be done in the U.S. and precut in the U.S. We would ship all of the leather pieces and all of the linings, including rabbit fur and what have you, to the Philippines, where they do the sewing. And then ship it back to the U.S. So it said, "Made in the Philippines," which his true. But the U.S. content was enormous. And the amount of foodstuffs that we ship around the world were an incredible tonnage of grain and meat is of course is also fantastic. And people don't take that into consideration. You know, they're looking at oh my God, we're getting cars from them, they're not buying our cars. Well, that's true, they're not. But they're eating our wheat and our meat and our fish and everything else. When I was in Germany, I attended a major agricultural trade show in, I think, Cologne. The U.S. pavilion was substantial and I learned, to my surprise, that it kept growing every year. Strange items: sales of U.S. wines to Scandinavia (the show was European in terms of attendees) had now outpaced French, German and Italian sales! Hebrew National had a large presence because kosher is also halal, which means that Muslims are very big kosher customers. Frozen Yogurt was another major bright spot. George Pope, the former Ag Counselor in Korea, and an old friend was in from Paris and he explained the system to me.. We don't buy as much from Europe as we used to mostly because the Europeans have set up so many factories here in the U.S. And now of course the Koreans and the Japanese have done so as well, and while I haven't looked at the numbers in many years so I can't tell you what it is. But I do know, for example, that both Hyundai and Kia have factories in the United States. Toyota is here, Nissan is here, Mercedes is here, BMW is here, Airbus is here. And they've gone from assembly to manufacturing. Initially they were just assembly. Now they're manufacturing, and there are some makes that are made only in the United States and that are exported. For example, the Camry and the Altima. They're manufactured here and nowhere else. But they're sold elsewhere, which makes it an American export. And so things are changing. And I could see this happening. "You've got to look at it from this point of view: what does it take to make anything? Land, labor, capital. Not going to change that." What country has all three of those? What countries don't? All the other industrial countries. Particularly labor. The labor force is declining in Korea, in Japan, in Germany, and so on, because their birth rates are so low. They're closing elementary schools. They closed a thousand schools in Germany in the last year.

Q: Is that right?

STERN: That's one of the reasons why they're taking all these Syrians in, because they're terrified that they're just going to go *(makes swooshing sound)* and disappear. We, on the other hand, because we've always been an immigrant receiving nation, we have a positive national birthrate. We're growing. So if you want to build a factory or expand your existing facilities, and you need trained educated people, and you need the land, you need the infrastructure in terms of the electricity and the water and everything else, where do you go? The answer's the U.S. So it's amazing how much is coming back. We are now starting to make televisions and computers here again. Because labor costs and labor availability and everything else elsewhere is outstripping ours. Because they just don't have the people. And you have a problem in places like Korea and Japan because you've got the glass ceiling. They don't let women do that much. So half their population doesn't really get into their workforce properly. And yet, despite everything else they're not changing too much. My experience in Asia was that the embassy got its pick of the top female graduates of all the universities because we gave them a much better deal than they could get working for a company of their own. I mean I had a young woman working for me in Seoul, and she had a BA and an MA in economics from the University of Korea. She graduated summa cum laude, the whole bit. She worked in a bank for a while and she never got higher than an assistant manager. And everybody's she's trained moves up past her because they are men. And she was so thrilled when I hired her because she got the same pay as the men got, and she got weekends off. And we didn't expect her to work overtime. It's beyond her. This was heaven. So we got all these great women, and the same thing is true in Japan. Fabulous people. Because we pay 'em better -- we treat 'em better. So there's going to have to be a revolution in thought in these countries. They're going to have to start letting women take a bigger part in the work force or they're going to really be screwed. But the problem with that, you know, no good deed goes unpunished, is that the more you do that, the more the birthrate drops. And they've already got a terrible problem with the birth rate.

And the Japanese are adamant about immigrants. They don't want 'em, any shape, manner, or form. How long they can continue that, I don't know. Koreans are the same way. Both very, very insular societies. But we'll see. But when we have that advantage going for us -- so again, not having worked in the field in so many years, all I have is anecdotal stuff or what I've read. I can't give you a good answer that I would be comfortable with. I just don't know.

Q; In looking over these six embassies, were there any particularly outstanding successes or problems?

STERN: I was very disappointed in our embassy in Germany. I thought that the senior people there were not really that good. They may have been narrowly good. For example, Frankfurt. The consul general in Frankfurt was an officer who spoke four languages fluently, including of course German. Bright as hell. Can't think of his name right now. He had a treasury attaché there who did all the financial reporting, Frankfurt being the banking center. And he had a consular officer, an admin officer, and he had a junior econ officer. And I got there and, you know, the first thing you do is you grab a handful of files and you start reading. And I remember reading one report in particular that the CG wrote, and it was brilliant. He had met with the governor of one of the Lande (Province) which was adjacent to France. And in it they discussed a number of subjects including opening up some nuclear power plants, and that would be cross-border. And it had a lot of information, it was really good reporting and very well written. But then I looked at the tags line. POL. That's it.

Q: Tags, which influenced the way it's distributed in Washington.

STERN: That's right.

Q; And it's got the political tag, not the economic tag.

STERN: Economic, it doesn't go to the Department of Energy, it doesn't go to the Department of Commerce, it doesn't go to EB, it doesn't go to all the people who need to see it. Part of the problem? We don't have secretaries anymore. We have this OMS nonsense and whatnot. Can't be bothered. And of course he's a senior officer; he can't be bothered looking up tags. Well, I found this throughout the whole embassy. Nobody was using tags properly. Having been a senior watch officer and gotten involved in all that stuff, I knew how important tags were. But it was like love's labor lost. Here were people doing good work in many cases. Excellent reporting. But nobody was making any effort to see that it reached the need-to-know end users. What was the point? Might as well not have had them there.

Q: Because they weren't getting it into the right distribution --

STERN: Right, it wasn't being distributed.

Q: I have this image of -- remember the old vacuum --

STERN: Yep. Still have them in the Op Center from the communication center to the Op Center, they send stuff up and down that way.

Q: That right?

STERN: Anyway, now, if you had a desk officer who was smart and looked at it, he might -- or she might -- say ooh boy, so and so needs to see this. But that wasn't happening. And so, so much of what they were doing didn't get in the hands of people who needed to see it. And I came down very hard on that. Also, in all of these subordinate posts -- and we have a lot of subordinate posts in Germany -- nobody was mentoring the junior first tour economic officer. So here I am in Frankfurt and then, you know, good ol' John Smith -- I don't remember what his name was -- had written a report in the automobile industry. I read it. And I sat down with him and I said, "John," I said, "tell me, why did you write this report?"

And he said, "Well, it's a requirement, it's a CERP."

I said, "I understand that. But think carefully. *Why* did you write this report?" And he was completely at a loss. And I said, "Basically," I said, "what you've written I could get by going to the corner newsstand and buying a copy of Car and Driver. That's not why we have you here. Who is your audience in the United States and what do they want to know about the German automobile industry? Who are you writing for? What are they interested in? what should you be looking for? That's why I asked you, why are you writing this report? And every report you write, that's the question you have to ask yourself. Why am I doing this? Who's my audience? What do I want to tell them?" I said, "I can buy Car and Driver, I can buy Road and Track, I can buy all of that stuff. I can get the brochures from Mercedes Benz. I don't need to keep you here for that. What value added can you give me that I can't get

from buying a magazine for a buck on the corner?" So one of the things they set up as a result of my getting apoplexy there, was a mentoring system whereby on a once a month basis a more senior econ officer from Bonn would go to each of the subordinate posts and spend a day or two working with the junior officer on a regular basis. Because I'm not blaming John Smith. Nobody told him what his job was. They just said here, do a report in the automobile industry. And he did his best, but he had no direction. And you know, we had an econ counselor and a chief of section, and all these high muckety-mucks in Bonn. They're paying no attention to a guy in Hamburg and in Frankfurt and in Stuttgart and in, you know, Leipzig and whatnot. And there's a lot of interesting stuff going on out there. Help him understand what he/she's looking for. I considered that among the most important things I did in while in the IG.

Q: Now, econ officers, like political officers, are really supposed to get out of the embassy and get into the local community. Did you have any observations about their language capabilities and capacities?

STERN: Yeah, I did. That there wasn't enough to go around, that we had the same problem that we always have. First tour officers spoke the language. You know, because you come through FSI, you go to language school, and you go to your first post. Like I took Spanish and went to Costa Rica. I never got to go to language school again. I had that aborted thing where I was supposed to be taking Hungarian, but my assignment got busted. When I was in Korea, which is the seventh largest trading partner of the United States, we had a four-man econ section, none of us spoke Korean.

Q: Hm.

STERN: Not a one. Up in the Political Section we had a couple of guys who spoke Korean, and in the Pol-Mil Section we had a couple of guys who spoke Korean. But nobody in the Econ Section spoke Korean. It's true that all the senior people in the senior government that we dealt with and a lot of people in the industry did speak English. But you don't get flavor if you can't speak the local language. It's very difficult. You are limited in who you can hang out with and who you can have a beer with and who you can do this and that with. I mean my tour in the Philippines, for example, where everybody speaks English, I mean I really got out. Because I could communicate. And I got to know so much more because the expanse, the breadth of people I could communicate with was so great. Then I got to Hong Kong where a small elite spoke English and everybody else spoke Cantonese, again, it made it much more difficult for me to do outreach. I had to depend on working with intermediaries, and that's not as good. The department has been fighting for years to get the Congress to authorize a certain number of officer slots reserved for training so that we can put people like you and me in a language school for a year and not have to worry about this job going unfilled for a year because of it. But that there will always be X number of people going to school. And language would be the most fundamental of them all because, again, in Hong Kong, the consul general and the deputy principal officer both spoke Chinese. The chief of the Political Section spoke Chinese, nobody else did. Not in the Commercial, not in the Econ, not in the Consular, not in the rest of the Political, none of us. Say in Korea it was couple, few -- two or three people in the Political Section and a couple of junior officers in the Consular Section. You know, and we can't -- the problem is we just don't have enough people. But we should always have this floating reserve, and I don't know what the appropriate number is, but let's say a hundred for the purpose of argument, but these hundred slots may not be used for

anything but training purposes. I mean the military does so much more training of people in every level. We do this by, "Hey, you're an FSO, you can figure this out." Hit the ground running, right? For an organization that puts so much stock in how hard it is to get in and how we pride ourselves in getting the best of the best, we then ignore education totally thereafter. So that would be among the many things I learned as an inspector, that we just didn't do it correctly.

Q: Look at this list of embassies, you seem to have hit all the biggies.

STERN: Well, that was what this team was supposed to do.

Q: Ah, OK. Because Mexico -- and Mexico would have had -- I mean each embassy representing the interest of the United States and that locality is constructed differently. I would assume Mexico has a lot of DEA guys that Saudi Arabia wouldn't have, or, or other --

STERN: I didn't get involved in the DEA part, but Mexico is part of the Latin American Free Trade Association. We do an enormous amount of business with Mexico, huge economic -- politically they're important, although they are less than thrilled with us memories of the War of 1848 are very much alive and we are the bad guys. In addition to the embassy I also inspected Guadalajara and Monterey, and other people went to some of the smaller posts with primarily consular function . I went to primarily economic ones. And you know, you learn a great deal that way. But no, the whole idea was, again, we just passed the Latin American Free Trade Association and all, Mexico is the biggest, the most important of our partners in this. What's happening? And we always -- and some of this of course is maybe in self-interest, but we always felt the Economic Section was cheated. We didn't have enough people. The Political Section always had an easier time getting staffing than anybody else in the embassy, although sometimes Consular would overwhelm them. In some posts the Consular Section was the largest section because of the visa mills. But we don't have enough economic officers, and those we do have don't have language skills because it's the same thing, because we don't have enough we can't spare you to go to school. See, no good deed goes unpunished. You know, it's, "Bob, we really would love this, but we just need you here." And you know, multiply that by, you know, a thousand. There's nothing unique about my experience.

Q: And as anticipated, you retired in September '93.

STERN: Mm-hmm.

Q: And you had thought about using the OIG in a WAE, when actually employed, retired status. But you turned that down. But you have done WAE things.

STERN: Yeah, well two things really. First of all, I hadn't known it at the time, but I was ill when I retired. Quite ill. I had undiagnosed sleep apnea for several years. And it was getting harder and harder for me to function, and nobody knew why. There were no organic reasons they could figure out. So when I first retired I was just so grateful that I no longer had to perform at the high level. I didn't want to work. And I just became a slug. They then decided that what I had was clinical depression, which had been exacerbated by my involuntary retirement. And therefore what I needed was both therapy and medication. So OK, what the hell do I know? So I started group therapy and I started all these various medications for

depression and whatnot. And this went on for several years, and I just got worse. I got to a point where I couldn't read a paragraph and tell you what was in it, I couldn't watch television for five minutes without falling asleep, I was falling asleep behind the wheel. And I stopped driving. I couldn't put two thoughts together. I thought I was getting Alzheimer's, I thought I was losing my mind. It was very frightening. And I *was* depressed. And my marriage was coming apart, and we were seeing a marriage counselor, very bright woman. And she said to me, "Tell me again the medications you're taking?" And I rattled them off. And she said, "Well, there's something wrong. Those are very good medicines. They usually have very good results. You're not getting any results." She said, "You need a second opinion." She said, "Let me give you the name of a doctor at the National Institute of Health, at NIMH. He is a specialist and researcher into these medications. If anybody knows what the right cocktail mix would be, he would be." And again, we're still assuming I have clinical depression and it's just when we find the right mixture *(slaps)* everything's going to be great.

So I had to have my son drive me there because I was terrified to drive, I was going to get in an accident. And this young doctor took probably the best history anybody had ever taken. And at the end of the day he said, "All right, I'm going to give you the good news/bad news routine. Good news: you do *not* have clinical depression. Stop taking the medicines. The bad news is you have at least one, maybe more, severe sleep disorders."

I said, "That's all I do, is sleep."

He said, "You only think you sleep."

So they sent me to a sleep laboratory where they gave me an overnight sleep study; they wired me up for sound practically.

Q: Seen that on the television.

STERN: And they discovered I was averaging between 45 and 50 apneas an hour, which meant I stopped breathing almost once a minute. And that if I spent eight hours nominally asleep I might get 15 minutes actual sleep, I was totally punch drunk and completely sleep deprived. My brain was dead. And I also had restless leg syndrome. This is what happens. When you sleep you involuntarily move your limbs and kick. So normally when you fall asleep, as a protective mechanism your brain shuts your body down. You go into almost a state of paralysis. That way you don't act out your dreams. That's why you don't fall out of bed. People with sleep apnea when everything goes into paralysis, the windpipe collapses, shutting it off, and you can't suck in any air, it's like *(makes sucking sound)* on a straw. So what happens is after a certain amount of time goes by, 30, 40, 50 seconds, whatever, your brain starts to say, "What the hell, where's the oxygen?" And you start to wake up. And as you begin to wake up, blood begins to flow back in, and when that happen, the windpipe opens, and you *inhale convulsively* and when you exhale, it shuts down again. You're not aware of any of this. Only the person you're sleeping with figures something's wrong. That was -- I was snoring terribly. So I have two operations. I had a deviated septum repaired, and I had them clean off a whole bunch of stuff hanging off my uvula. So now I had silent apnea. Because even that idiot doctor who did the surgery didn't think I had -- didn't look to question it. Sleep medicine was in its infancy twenty years ago and few doctors considered it. Based on the sleep lab's findings, I was put on a CPAP machine, and once I got a mask that was comfortable, that could fit, within one week I was myself again. I couldn't believe it. I

mean I just was in heaven. But it had really ripped up my metabolism pretty good. That's when I really started putting on tons of weight, and I haven't been able to get it off. But I just -- then -- so that was first five years or so after I retried.

Then I did some consulting for an aerospace company. I went to Korea and I wrote the crisis management manual and counterterrorist manual for the new airport in Inchon. And then I got a call saying, "Your name has finally come up for FOIA that you signed up for seven years ago. We finally have money to hire people." And so I went in and I did FOIA for two years. And I was quite happy with that. I found FOIA -- I liked it, because being a history buff, the opportunity to read from day one all the way -- wow! This is great, you know? Really get the inside -- I enjoyed it enormously. Some people thought it was drudgery. I didn't, I loved it. You know, and then I got a call from Ambassador Harry Cahill. Telling me about PMAT, that they were just setting this thing up and they wanted retired officers and they were looking for people with background. And because I'd been both a SWO and an associate director for counterterrorism they thought I would make a good fit. Would I be interested in coming over for 30-60-90 days? And I said, "Well, let me talk to my boss here at FOIA. If she'll let me go -- more important, if she'll let me come back, you know? And if so, yeah, I'd like to do it."

So I went and I said, "Pat, I just got this call," and explained the whole thing to her.

And she says, "You know, that sounds like something really worthwhile. Go ahead and do it, no problem, we've got a place for you here."

Well, 30 days became 10 years *(laughs).*

Q: OK, now tell us what PMAT stands for and how it got started.

STERN: OK. Following 9/11, a task force was formed in the State Department. The way task forces are formed, again, you have to -- comes back to the point that we don't have people. So you grab people from their normal jobs, and you put them on the task force. So if the task force in this case is related to Afghanistan, where the Taliban worked, then you're going to look for people in the Middle East Bureau from the Afghan desk and probably have somebody consular because American citizens in that area. You'll have somebody from USIA because there are going to be press requests and whatnot, so you want a professional who can be dealing with that. But as a rule, task forces don't last more than a week or two. You can usually do this with -- because you're running 24 hours, seven days a week. But usually other people can fill in on your regular job, or you can pop in and do a few hours or whatnot. A couple a week is no big deal. But when, as in this case, it proved to be a task force of duration, that God only knew when it was going to end and we were burning people out like crazy, because they were trying to do eight hours on their job and eight hours on a shift, and you can only do that for so long. Somebody -- and I don't know who it was -- got the clever idea, we've got these great retired officers around with good backgrounds, why don't we put them in it? And at first the idea, as I understand, was poo pooed. But finally in desperation, as any port in a storm, OK, we'll do it. And that's when I got the call. And again, we did -- nobody really thought it was going to last more than a month or two. We were going to go in, we were going to get the Taliban, we were going to declare victory, *done.* Disband the task force, you know, go home. It didn't turn out that way. We decided we were going to save Afghanistan for democracy, and we were going to not only kick the

Taliban out, but we were now going to get the warlords, we were going to create a democratic government, all this sort of stuff. So we had been writing situation reports initially dealing just about exclusively with Afghanistan and we were the liaison with the military. And what they would have is variety of what they call preparation orders, warning orders, execute orders. And these would filter through us and we would staff them out throughout State, get them cleared, and then back and then we would get 'em back to defense. So that we gave DoD a one point access. They didn't have to worry about who in State should see this. Give it to PMAT, PMAT will make sure that anybody who needs to see it in State will see it, and they will follow it and they will make sure it gets done, and if there are conflicts they will help get people together to resolve it.

Q; One of the things in working through these orders too, I mean one order might be we're going to fund Afghanistan with supplies, but you have to go through everybody else's air space.

STERN: Yes.

Q: So PMAT assisted in getting the State Department --

STERN: Exactly.

Q: -- organized to provide the political cover for the military activity.

STERN: Right, we were the -- in the sense almost like the traffic cop, making sure that you could go to point A from point B without getting hit by a truck coming from point C. And as you point out, overflight rights and things of that nature. And of course the exact chronology escapes me, it's been so many years. But I think we got involved as well in a noncombatant evacuation, a NEO, where again, our ability to be there 24/7 and work with DoD was a tremendous help, helped streamline things and move things more quickly. And we also picked up the function of the diplomatic over-flights and emergency flight clearances and everything else. And we slowly became the Political Military Bureau's operation center. All the things that have been scattered all over the place, all slowly coalesced, came together in PMAT. At this point, the wiz kids decided to invade Iraq.

Q: At -- let me stop you there. This -- not only was this 24/7, but there were how many people per shift?

STERN: OK. Initially, you had a coordinator, an action officer, a military officer, and a director. The directors only worked two shifts, but they worked two shifts overlapping the three. So a director would come in at four o'clock in the morning and work until noon, another director would work from noon until eight. Whereas the other officers would be working, you know, eight to four, four to midnight, midnight to eight. So we got out --

Q: When PMAT was up on the seventh floor, there were about six people per shift --

STERN: Well, that was -- actually it was the eighth floor, wasn't it?

Q: Eighth floor, OK.

STERN: Well, then, what we had then -- this was at the height of all of the military movement. We needed more people to keep track of the paper as they were moving, and those were the action officers. They had all files, like you remember Brian was an action officer. Alf did a lot of work as an action officer. Keeping track of all of this, sometimes reading the request and saying, you know, "This isn't going to work." But we knew the people on the other end and we could call them back by first name and say, "Hey Charlie, I just read your whatever, and you really think you want this? You know, you're going to get a lot of resistance. But if you ask for such and such you'll probably get it." And we built I think some very good relationships where it stopped being Captain this and Mr. So and So, and being Sam and Joe, which always greases the skids better. And having a usually fairly senior retired military person sitting next to us who could explain the convoluted workings of DoD helped. So we learned each other's language. And we -- the situation reports that we initially put out were fairly limited in scope. We primarily -- the primary function was Afghanistan and things of that nature. But very slowly it began to grow. Certainly Iraq was a major reason for that, but we began to look at anything that had to do with the use of U.S. forces abroad, or terrorism. And we expanded our brief inch by inch to basically a twice a day, two-page situation report with a highly selected audience.

And with no modesty whatsoever, let me say it was considered one of the very best damn things the State Department ever did. And as you were part of that, I think you can agree. We got more commendations from people -- I mean I can remember two and three-star generals and admirals being shown into PMAT, and there we were two people sitting at a desk saying, "This is all it is? These are the people who put this report out?" Yeah. My God!"

I mean I've had so many briefing officers tell me, "Before I brief my admiral or general or whatnot, I read your report first." And you know, obviously I didn't write the whole report, I wrote a couple of items on any given day. A lot of other people were writing as well. But we produced one hell of a quality product.

Q: I think the transition that you're pointing out here is that with Afghanistan there was a
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need for State input into what DoD was doing, and clearances, and -- And along with that went a situation report that went out on a regular basis, and then with Iraq certainly the subject changed to a wider group of writing. Again, with the coordination because Secretary Powell, that was one of the things he was interested in, what's the Pentagon doing.

STERN: Well, not only that, but you see, it's -- things started to relate to each other. I mean, for example, I never knew anything about Djibouti until suddenly it became such an important port and transit point and everything else having to do with the other things we're doing in the Middle East. So what's happening in Somalia, because the people in Djibouti are ethnically Somalians and the terrorism there and the fact that we might cross over and how we deal with it all suddenly became grist for our mill because of the impact of what we were going to do in Iraq or Afghanistan. And the interconnection of so many different things -- talk about mission creep -- it just kept growing and growing and growing. It got to the point where we could easily have put four or five pages a day into the sitrep and we were forced to

hold it down. But God knows, it's more than enough to write on. And we did all source, we looked at everything: military sources, intelligence sources, State Department sources. Everything we thought was of value. And it was very well received. And one of the great aspects of PMAT, if not the great aspect of PMAT, is that everybody there knew there was no promotion and there was no transfer. Therefore, there was no ego. Because you don't worry you're not going to -- you're not going anywhere. I mean just do your job the best you can, very collegial. None of the attempts that you're going to find in most organizations where human beings are involved, of people trying to stand out because there are limited numbers of promotion. There were zero promotions. You just did your job. And by and large, we selected good people. There were a few that didn't measure up, and they were out. But by and large we had very good people, and they did the job. I enjoyed my 10 years with PMAT. I just finally got to the point where I was 74-years-old, I think It's time. I'm done. But I certainly would do it again.

Q: Let me take you back again for a second to FOIA. That's a shop under the Admin Bureau that declassifies documents in response to Freedom of Information requests.

STERN: Or doesn't declassify them in response *(laughs).*

Q: And it's basically organized by regional bureau.

STERN: Yes.

Q: What regional bureau were you in?

STERN: I started in Asia and then moved over to Latin America. I spent most of my time in Latin America. I had served in Latin America, both in Costa Rica, and in the Office of Economic Policy for Latin America, so I had a background. I would have liked to stay in Asia where I'd done most of my career, but they were fully staffed and they needed somebody in the now Western Hemisphere Bureau, WH. In my day it was called ARA.

Q: Right.

STERN: I mean I couldn't figure out at first where I'm going -- WH? Why am I going to the White House, you know? It's funny. So I spent -- probably of the two years I think I spent 18 months Latin American Affairs. And as I said earlier, I found it absolutely fascinating. Absolutely fascinating. Right now when you see all this stuff that's going on about the former secretary's emails and whatnot, those of us who've worked in FOIA know that senior people are the absolute *worst* at security. And working in the Op Center -- I mean I can remember, and I won't name names -- but I can remember the most senior people talking to each other on open lines about some of the most delicate matters. And this was routine. When I first got to PMAT, interestingly enough, and I saw the first sitrep, I said to Dave Pierce, who was the director at the time, I said, "Dave," I said, "what the hell are you guys doing here?"

He said, "What are you talking about?"

I said, "You're sending all this stuff out unclassified."

He said, “No, we’re not, this is the classified system.”

I said, “It doesn’t work that way.” I said, “You have to label each and every item with the classification you give it. If you don’t, it’s unclassified and is immediately releasable. The fact that you sent it on the secret classified system doesn’t give it any cover whatsoever. Somebody comes in with the FOIA request and they pull it up, eh, no classification on this, out it goes.” That’s when we suddenly changed everything around in PMAT.

Q: Now, on the FOIA thing, how does that work? Request comes in, you guys knock it off in a week or so?

STERN: Not necessarily. Some things can go for months. Let’s, let’s take -- what was his name in Peru?

Q: Fujimori?

STERN: Fujimori, thank you. We had a big one on that, which I got. OK. They delivered to me several boxes of paper. The rules of the game according to the law are that if another agency has equity, that agency must clear. So for example, if a message came out of the embassy which talked about, you know, the commercial attaché and I lunched with da-da -- Commerce has got to clear on that as well. If a message went to the post from DoD, it’s DoD equity, they have the clearance. I can make a recommendation, but only they can make a decision. So as you’re going through this you’re dealing both with what you can do and what you have to farm out. And then there’s stuff that you look at and you say, “I’m not sure. Is this sensitive still? Because a lot of times in a lot of these countries in the third world, people hang around forever, and they keep coming back.” And we had a very senior person from a not to be named Central American country who was giving us all kinds of information. And then later on, he became vice president for the country and was still giving us a lot of information. Even though the information itself was no longer sensitive, was years old, the fact that it was a vice president of the country who told the Americans all of this, that was the sensitive part. So how do you redact that portion and leave enough in there so that the Freedom of Information Act people, the guys requesting it, will get the meat that they want, but that it’s not immediately traceable back to good ol’ Jose Gonzalez, because we burn our source. So that got a little tricky.

So I found myself periodically -- and this was all of us -- going over -- and we were across the street from the department -- going over to the desk officers. And it was fun of course, because some of these guys had been my junior officers and they were now in charge of country desks, and I go to them hat in hand and say, “I need your help on this. You know, will you clear on my doing such and so?” And this was particularly true if it was less than five years old, you always had to get the desk to approve. And some cases went very quickly, very easily. They just didn’t have that many gray areas. But most did. Most had problems in that there was intelligence data from the agency, there was military data from DoD, there was everything. And sometimes there was stuff from other embassies as well. I mean the ambassador would say, you know, “I met with the Canadian ambassador this morning and we discussed da-da-da-da-da-da.” Well, we had a setup where I could refer this stuff to the Canadian embassy freedom of information officer. And same thing was true with the UK and whatnot. Because obviously they had an equity in here. Or you know, ambassador would say, “The Japanese ambassador met with so and so, particularly in Peru, met with Fujimori and

briefed me." Got to be careful about those things.

So you never knew. A case could go through very easily, very smoothly, very quickly, or it could go on and on and on. I mean eventually you got to the end of the pile. And when you wrote the letter back to the requester, it would say, "We have reviewed 387 files that are pertinent to your request. Of those, 46 are being released in their entirety. Thirty-eight are being released with certain redactions under X, Y, Z of the law. The balance have been sent to other agencies, which have the authority on them. And when they rule, we'll pass those on."

Q: My impression is the FOIA work was very heavy and had a backlog for years.

STERN: FOIA is among the lowest hanging fruit of the department. Whenever the budget get tight, they just don't allocate money to FOIA. So if you're working as a declassification officer for FOIA, you never know how many hours you're going to get per year. If there's money, you may work up to the thousand hours. If there's not, more likely you'll work maybe 400, 500 hours a year. So any time money gets tight, what's the first thing that they cut?

Q: Unfunded mandates.

STERN: Yeah.

Q: I mean the point that you're making is there's nothing in the budget of the State Department, there's no line item, for FOIA.

STERN: Right.

Q: FOIA is we'll do it if we have the money and the time.

STERN: Right.

Q: And Congress doesn't give them the time -- or give them the money --

STERN: So, that's right.

Q: -- but does lay out a fair amount of criticism.

STERN: Well, we piss a lot of people off because everything is so late. But the reality is, unless Congress is willing to give State a specific budget for FOIA, that it doesn't get taken away from something else, it's going to be like that. I mean I doubled my income when I moved from FOIA to PMAT. Because there, I was working my thousand hours a year. But that's the problem with FOIA. And as I say, it was seven years from the time I retired -- I put my name on the FOIA list -- to the time they called me.

Q: Right.

STERN: Because they finally had reached the point where they could bring on a couple people. Other people, enough people had retired and they have some money, so I got a call

saying we can bring on seven people, and you're number four on the list. Said OK.

Q: Yeah, and there have been years when they've closed the whole thing down.

STERN: Right.

Q: Because there is no money.

STERN: So --

Q; I can't imagine during the Iraq and Afghanistan period there was much money left over.

STERN: No, I mean good thing I was over in PMAT, I was working.

Q: That's right.

STERN: So it was this kind of thing where they would always keep it open to some degree. I mean they would never fully close it because they had to respond to the letters, to say thank you very much, we got your request and such and such and it's in train, or whatnot. But, and there would be some items that by their very nature would jump to the head of the queue where we would be told this one has got to be looked at *now*. Forget about where it is. And I found it interesting work, because being a lover of history it's a great place to be.

I should point out that while I was at PMAT, I was moonlighting as a magazine columnist. For about five years, I wrote a monthly column for a very specialized publication called *Crime and Justice International.* It was published by the Office of International Criminal Justice out of the University of Illinois.

Q: Now, you've used that phraseology before, interesting word. So let me wrap up this whole interview with a very simple: do you think you'd recommend the Foreign Service to a young kid these days?

STERN: I don't know. Today's Foreign Service is very different. There are so many unaccompanied posts today. There are so many hardship and danger posts much, much more than there were when I came in. I was fortunate in that my family was with me throughout my career. And with one exception, the family experience was good. Today, if you want to have a family, I think it's harder. I think if you're a female officer, it's harder yet. There are a lot of issues and problems today that didn't exist during my period. I think in some ways I had the better of it. And I'm not saying this in the sense of oh, you should have been here in the good ol' days, you know. It's not that. But things have changed dramatically because of the whole nature of terrorism, of the exposure of embassies, the cutting back. It's a different animal than it was. I mean my first post in San Jose, Costa Rica, you could step from the curb to the front door of the embassy in three steps. And when you opened the door and walked in, there was a low railing about yay high that the secretary sat behind, and you walked up to her and she says, "May I help you?"

And you say, "Yes, I'd like to see Mr. Stern in the Economic Section."

She'd say, "Just a moment," she'd call.

And she'd say to me, you know, "Mr. Stern, you have a visitor down here." And so OK, and I'd come down, I'd get him, we'd go up, take the elevator up, and nothing. You know, no security, zip. We had one floor shut off for intelligence, you know.

But the whole idea was we were an open society, our embassies were built to reflect that, welcoming, open, you know. And now there was a wonderful cartoon some years ago -- I think -- I forget what -- probably in The New Yorker. And it showed two guys standing at the bottom of a hill looking up at the top. And at the summit of the hill is this cube, featureless cube flying an American flag. And one guy says to the other guy, "What is that?"

And he says, "That's the new American embassy."

Guy said, "Well, how do you get in?"

He said, "You don't, you have to be born there."

And so there is that greater element of danger, more separation from family, more I think you have to say to yourself, "I am taking on the kind of a life of a military officer in that a lot of posts I will go by myself and my family will stay behind," which is true in the military. "And I will go to posts either with my family or without my family in which there is a real threat. The work itself I loved, and the work hasn't changed. I would love to -- I mean I would go back and do it all over again. I enjoyed myself thoroughly. I learned so much from so many fabulous people. I mean I had so many mentors along the way, people who gave me their time and, sure, I can pick a jerk out here and there. But overall, I can't think of anything else I would have rather done. I just think that a junior officer today has to be made fully aware of what it's like. And there's also a big difference in that when I joined the Foreign Service, I joined it for a career. It was my intention to spend my working life in the Foreign Service. Today people come in with the expectation of working three or four years, getting something on their resume, and going elsewhere. I mean my son who's a software engineer, I think he's worked for at least six or seven different companies. The military has to deal with this as well, I'm not sure just what they're doing or how they're looking at it, working with it. There's a new paradigm. You know, it ain't your father's Buick.

Q: Well Bob, I appreciate this.

STERN: Oh, it was fun.

Q: It's absolutely fabulous. You will see this on paper.

End of interview