

expect in that country. There certainly is a divergence between our intellectual appreciation of their situation and our policy expectations of them. But, in any event, the U.S. had made human rights a major issue in the bilateral relationship.

When my predecessor, for instance, left the post, he did not have a farewell call with the president because of bad feelings on this point. Yet, what is stated as our main policy goal in having a presence in these countries is primarily to strengthen and ensure their political independence and their economic development. This insistence that they have Western standards of human rights and political development was never first on the list of priorities I had in my mind. So, my sense was that I needed to go put our relationship on a more positive basis, without necessarily dropping human rights issues entirely from sight. I will talk a lot about that as we go on because, again, I have served in enough places that you get to the point where you can have an appreciation for relative human rights abuses. It sort of depends on what you are talking about. Turkmenistan has not had civil war since it has been independent. We have tracked, for instance, at various times, as many as about a dozen political prisoners. Well, frankly, my experience is that a dozen political prisoners is not a big thing. On the other hand, the fact that the country is being run along Stalinist lines is absolutely true. I guess the only question is: Where does that change come in our priorities versus a place that really abuses its citizens? In any event, I was not going to go to Ashgabat and make human rights the main focus of what we were doing. I have also become convinced over the years that we can get a lot farther selling honey than we can vinegar, and that there are ways, generally, of putting our views that don't appear as much a slap in the face. So, my one mission was to go out and put that relationship on a more positive basis. My internal priority came about a lot because of the nature of these embassies and where we had gotten by 1995.

The embassies in most of the former Soviet Union (FSU), in particular in the Central Asian countries, faced problems because it was very difficult for us to find quarters for embassies and for housing. In most of the countries and cities in the FSU, there simply were no such facilities available. Tashkent had a foreign presence even in Soviet days and was quite a large city. But you get to cities like Ashgabat and Dushanbe and Bishkek where there was very little. So, we had a very hard time getting set up. The governments would offer us buildings, but that had drawbacks. They aren't very cheap to begin with, and then it costs a lot to get them into acceptable shape. Furthermore, we can never be certain what is inside the walls besides cement. Dushanbe is probably in worse shape than Ashgabat. Dushanbe is in Tajikistan. Bishkek is in Kyrgyzstan, and Tashkent is in Uzbekistan. But Ashgabat had been hit by a massive earthquake in 1948 that leveled the city. Only three buildings survived. It is in a very active earthquake zone where the subcontinent is pushing up into the Asian land mass. So, the buildings the Turkmen showed us were simply not satisfactory from an earthquake perspective. Housing was also very difficult. In my whole tour, it was very difficult to find any houses that even approached Western standards. So, the Department decided to build an embassy and housing in Ashgabat. I assume that the fact that my predecessor had been minister counselor for administrative affairs in Moscow and knew the ways of these things also had something to do with that decision. Certainly, Joe Hulings deserves lots of credit for that. The embassy building is a modular building that was built by a New Jersey firm. As

I understand it, if you go to the older, small strip malls around the country, you often find a bank building standing alone in the parking lot. This is the company that builds those bank buildings. They got the contract to build our embassy. They put it together in New Jersey, and then broke it down, packaged it up, and put it on a ship for Adana, Turkey, near where we have the Incirlik Air Base. The State Department chartered a couple of these giant Antonov Russian transport planes and flew the building into Turkmenistan where it was unloaded and reassembled. Of course, since we are speaking of the chancery building itself, at all these stages it had to be physically escorted by security people. The advantage of this method was that the actual construction of the embassy once it was on site only took about four months. That was a significant savings in terms of construction, security people, etc. The embassy is right in the middle of town in a very nice location. We had also gotten from the government eight hectares, a little bit more than sixteen acres, for a residential compound out on the edge of town, where the Turkmen want to develop embassies and ministries. We were the first to build, and we built an ambassador's residence and townhouses for staff. These were also modular. The design and materials came from Finland, and the houses were put up by an American contractor. For the first three years of its existence - the embassy opened in early 1992, we had a chargé for a couple months, then Joe Hulings had gone out in the summer of 1992 and then stayed until summer 1995 - we were in an old Soviet-style hotel, the Jubilena, which had been the nicest hotel in Ashgabat. I was in the hotel after we moved to post and can testify to its bleakness. I cannot imagine what working in it was like. We didn't even have our own area. We had a Romanian diplomat living among us, and the Iranians were a floor down. Security was virtually impossible. Our staff had one hotel room to live in, and another hotel room for an office. The communicator had a suite because, of course, he had the communications gear to protect. In any event, under these circumstances you can barely function. We are present in lots of places in the world but without a fully functioning embassy.

These are countries on the far, far end. Turkmenistan was the southernmost country in the former Soviet Union. It is bordered on the west by the Caspian Sea borders it on the west, on the south by Iran, on the southeast by Afghanistan, on the northeast and north by Uzbekistan, and a little bit right on the Caspian Sea, in the north, by Kazakhstan. This is the end of beyond. That wasn't the case 1000 years ago when the Silk Road was functioning, but after the Mongols came through and destroyed everything that was worth being, Tamerlane came through 150 years later and finished the job. It has been a very rural, backward area. The Turkmen, until the Russians came, were largely nomadic herders - the country being primarily desert. It is about 90% desert. There is a fertile river along the east, the Amu Darya, which was called the Oxus by the Romans. In the far south, there are a couple other rivers, the Margay being the main one. Along the mountains that form the border with Iran, there are springs. Some communities have formed there, including Ashgabat, which is right on the border with Iran. But the rest of the country is desert.

It was the last area conquered by the Russians when the Imperial Russians took over that part of the world, in what was then known as the "Great Game" as they jockeyed with the British Empire for control of the region. They expanded southward until they reached the

Persian Empire. Then, they built a railroad from the Caspian Sea across what is now Turkmenistan, up through Bokhara, over to Tashkent, and connected it with the Trans-Siberian Railroad. The Imperial Russians fought a major battle in which 15 or 17,000 Turkmen died in 1880. That was the last battle that consolidated what became the Russian Empire.

The Soviets took over after the revolution. This part of the Russian Empire did not take easily to Communism. A lot has been written about it. There were elements of White Russians with British support fighting there for a number of years. There were also early Bolsheviks and Communists who actually believed in the idea of a multinational Soviet empire and saw in it a role for the Muslims. The Russians took one look at that and quashed it. The Soviet hand was hard on Turkmenistan because they were collectivized, as were the Kazakhs, a process in which many people died because collectivizing nomadic peoples is not easy.

These countries were the textbook colonial examples. The Soviet empire was indeed an empire. The periphery served the center. Turkmenistan and Uzbekistan were cotton producers and had a cotton mono-culture, using waters from the Amu Darya, one result of which was the drying up of the Aral Sea. But, very little of note went on in Turkmenistan under the Soviets. Tashkent and Uzbekistan were the center of the region where the Soviets had a lot of their regional government apparatus. A lot of Uzbeks gravitated to Moscow and reached high levels in the Soviet Union. There were very few Turkmen who did the same. Since it was on the border with Iran, which for most if not all of the Soviet period was considered by the Soviets to be a hostile border, Turkmenistan essentially was a military zone. That meant that very few foreigners got to visit and very few Turkmen got to travel outside it. The result of all of this is that by the time they become independent, there was very little preparation or experience that would enable them to form and run a national government. There was a terrible lack of prepared personnel to staff the many ministries that didn't exist when Turkmenistan was a part of the USSR. Turkmenistan was like most of the countries in Central Asia in many, but not all, ways. In most of the countries in the former Soviet Union when they were given independence, whoever was First Secretary of the Communist Party ended up as president. In Turkmenistan, they changed the name of the Communist Party to the Democratic Party of Turkmenistan, but it is the same cast of characters, without the ideology. So they run the country in a very authoritarian manner. From their perspective, however, immediately after independence the Turkmen observed difficulties all around them: serious riots in the most populated area of Uzbekistan, in a place called the Fergana Valley; a war broke out between Azerbaijan and Armenia, just across the Caspian Sea; and civil war erupted in Tajikistan. The prime goal for the Turkmen, as was the case with the Uzbeks and others, has been stability and maintaining national integrity, the kind of goal that lends itself to an authoritarian government.

The problem with democratizing very rapidly in these countries is that there is no basis on which to democratize. Compared with them it was easy for Chile to transition from a military to a civilian government because there was a long tradition of democratic government to fall back on. If you look at Haiti, as much as we keep talking about

creating democracy there, I think we are discovering that creating democracy is very difficult. It may be the best form of government, but it requires a certain level of political sophistication, a certain shared acceptance of societal structures before people are willing to repose trust in it. In a place like Turkmenistan, where the only basis on which you could have political parties was a tribal or regional basis, you run a real risk of creating precisely what the government and I think we don't want to happen because parties based on tribal affiliation is what leads almost inevitably to great conflict and civil war. Among academics and others, there is a consensus that in these countries real political change and democratic development is a generational issue. We are probably talking 20, 25 years at the minimum, until a generation of youths have been raised who have had greater educational opportunities and some ability to understand the outside world, and the countries have some time to assimilate the kinds of ideas that will allow democracy and a liberal economy to take root. But, the U.S., as always, is in a hurry. It was fairly clear that even before I went out to Turkmenistan, already people were becoming annoyed with Russia because it was not yet a full fledged, functioning Western style democracy. We get caught always on our short-term policy goals. The Administration wanted to put up lots of money to help the Russian transition. The first question from Congress was "Yes, but we have to limit that. We are not going to have these countries become dependent on aid like countries in Africa, so we will have to limit it." What do you limit it to in any reasonable term? We weren't able to determine that. We got frustrated early on with the Russians and others. I am not suggesting that throwing money at the problem is necessarily the solution. I think what you have to do is throw money and policy and look seriously at saying, "We are going to try to have a consistent policy over the next 25 years to bring about change." We are unable, because of the nature of our system, to carry out policies over a period as long as a quarter of a century.

Q: What about the Russian nationals who were there? I was in Kyrgyzstan in 1994, and there it was apparent that the Russians were leaving, but they were the people who ran the small businesses and all the Kyrgyz were apparatchiks in the government. This is something that had been given, but this was a place that had received more than it gave, as far as the Soviet Union was concerned. It had its difficulties.

COTTER: The Kyrgyz don't have the natural resources that Turkmenistan does. Well, the same thing happened in Turkmenistan. I don't know what the proportion of Russians was in Kyrgyzstan. In Turkmenistan, it was fairly small. I think about 10 to 12% of the population. It wasn't the kind of place most Russians wanted to live. Most Russians worked on the railroad or in various industries. Again, natural gas was the main one, apart from cotton, but you didn't need Russians to run cotton farms. Turkmen collectives ran them. The Russians were the professionals in the arts community, the medical people and what not. Indeed, many of them left after independence. By the time I arrived in 1995, the Russian population was down to about 7% of the population. Now, the country's total population was about four million, so you are talking about several hundred thousand people. By 1995, most of the ethnic Russians who could emigrate easily had done so. By that, I mean after the first rush of immigrants from Central Asia, the Russian government itself put limitations itself on who could return. They didn't want people coming back without jobs or places to live. So they put serious restrictions on immigration into Russia.

Most of the professionals had already left, and the Russians who were still in Turkmenistan were going to have a much more difficult time emigrating. There was never a great exodus on this, other than people simply moving. There were no pogroms against Russians by the Turkmen. In fact, it took the Turkmen a while to realize the impact from the loss of so much technical expertise. I think they are just coming to grips with it now, when it is too late. There has been a whole series of issues they have dealt with in the same way. For instance, making Turkmen an official language but then recognizing the fact that that wasn't going to work in the short run, and not really enforcing it. In theory, Russians have equal rights, but I think if you talk with most Russians, they believe, correctly, that if there is a Turkmen even remotely qualified for a promotion, the Turkmen is going to get the promotion over the Russian. Clearly, the government feels very strongly about improving the possibilities for Turkmen and about having senior government people be Turkmen.

The Volga-Germans had been enticed to Russia by Peter the Great or Catherine the Great because they brought talents and skills and what not. Then, at some point, early in WW II, Stalin felt they were a threat and moved them from the Volga region to various places. So, there are communities in Turkmenistan, Uzbekistan and all over the place. Of course, they are still Germans. So, now with the new unified Germany, they are seeking repatriation, and the German government is trying to help them. Unfortunately, they don't speak a word of German. So, there are groups like that, some with success, and others with less success, getting back to their homeland. The Meskhetian Turks had lived in Georgia and were expelled from there with the blessing of the ethnic Georgians, either under the Imperial Russian government, or under the Soviet one. I think it was probably under the Soviet government. They are trying to get back home to Georgia, which of course doesn't want them any more than it did 50 years ago. But, the status of Russians and the problems from Russia leaving are very much with Turkmenistan and will be for a long time.

The other thing that turned out to be a major policy interest of ours was energy in the Caspian. The Turkmen have what they claim are the fourth largest reserves of natural gas in the world. They have some oil too. There is more oil across the Caspian, in Azerbaijan, and there is oil up in Kazakhstan, and there may be some in Turkmenistan, although much less exploration has been done. But, there are major gas deposits that the Soviets exploited. They did not exploit them very well, however. Indeed, after about 1970, the Soviets put little money into Turkmen gas fields because then they were opening the big gas fields in Siberia and focusing their investment resources on those gas fields, not the Turkmen fields. But the Turkmen were producing gas that they were shipping, along with other gas from the Soviet Union, to Europe at the time of independence. It took the Russians until sometime in 1993 to realize that they were paying good hard currency for this. The gas was exported and the Turkmen would get back hard currency through the percentage of gas that they had. So, suddenly they told the Turkmen that their gas from now on would go to Ukraine, Georgia, and Armenia - none of whom had the money to pay for it. Meanwhile, Russia would send its own gas to Europe.

It really took the Turkmen until the end of 1994, almost halfway through 1995, to realize what had happened to them. Before that, they were earning lots of money, relatively. Given the very low expectations of the people in the small population, the government had lots of money and was able to build up several billion dollars of reserves. This is one reason that they felt little pressure to reform. I think their view was that they liked the way Kuwait runs, thank you very much. They would be perfectly happy to reform along the lines of Kuwait or Abu Dhabi. Since the Turkmen didn't have their hand out, like other FSU countries, we had limited leverage to make them reform economically. When Armenia, Georgia, or the Ukraine were bankrupt, we and the IMF could come in and say that we could take care of their bankruptcy if they would accept a lot of our conditions. Well, the Turkmen weren't in that situation.

They also wasted a certain amount of that money on a number of fairly odd construction projects, some of which have been unfairly criticized. There is a whole row of boutique hotels out on the edge of town near our housing compound. They actually began as ministry guest houses. It has been the Soviet tradition that wherever you had a ministry, you had a guesthouse. The Turkmen had enough money to build ostentatious little guest houses. Of course, they are too small to make a profit economically. The government has since tried two or three times to consolidate them and do different things with them. Actually, a lot of them have permanent residents because there is so little Western-quality housing that a number of foreigners have taken over the presidential suites in these places and turned them into apartments. The French ambassador lives in one, and the British ambassador lived in one for a while. The oil company representatives live in them also. Our defense attaché lived in one for a while.

Anyway, midway through 1995, suddenly the Turkmen found themselves holding a lot of debt. Ukraine owed them a billion and a half dollars, although they've since reduced the principal. We have had a lot of foreign companies interested in helping the Turkmen exploit their energy resources. I would say that most of that interest is in oil, not gas. Gas is a much different animal. With oil, you drill it out of the ground, load it on the tanker, and sell it to someone. Gas doesn't work that way. You really need to have a market before you will get the investment to drill it out of the ground and transport it. That usually means long-term contracts. So, we had many fewer companies in Turkmenistan than we did in the other countries. The Turkmen also believed that they could drill for and market gas themselves, and they were quite reluctant to share this cash cow with foreign companies. The first American company of any significance arrived just before I did, and that was UNOCAL. They had an ambitious project to build a gas pipeline from the gas fields in southeastern Turkmenistan down to Pakistan and possibly in to India. They also wanted to build an oil pipeline that would connect to the old Soviet pipeline up in southern Uzbekistan, and could carry oil from Kazakhstan down to the Indian Ocean, avoiding Iran, and the Straits of Hormuz. Well, the Afghan war has delayed that project, something I think UNOCAL seriously underestimated when they got into this. The company has since drawn back a lot. The other main U.S. company that got established, but considerably later, was Mobil. They were really only beginning to work on oil in western Turkmenistan about the time I left. Nonetheless, there were lots of people coming and going and lots of interest in this. The Turkmen government has had the

attitude that it was sitting on the mother lode and all it had to do was wait for the dollars to start rolling in. Again, like everything else, the Turkmen have had a very steep learning curve here. It has taken them a long time to gain a better appreciation for how world energy markets work and for what their potential is. It has certainly become a central part of our policy in all of this region to promote access to the energy resources. The fact that Turkmenistan had money early on lead them to be a good market for our exports. Their national airline flies Boeing jets on all of its international routes, except the route up to Moscow. I think, at this point, they have three 757s and about six 737s. Both JI Case and John Deere had made significant sales of agriculture equipment. Again, this part of the world is a great market for those firms. Soviet agricultural equipment is cheap, but it isn't very good.

Q: Let's talk a bit about picking cotton because one has heard about how the Soviet system, particularly toward the end, got so focused on production quotas that were destroying the Aral Sea and also great parks in Turkmenistan, with cotton because they were putting so much fertilizer on. They were essentially destroying the land, or maybe this was elsewhere.

COTTER: Yes, it is Turkmenistan and Uzbekistan. It involves a number of things. One problem is fertilizers and pesticides, a lot of pesticides which not only affect the land but then go into runoff and affect the cows that are downriver. The Amu Darya River rises in the Tien Shan Mountains down in Afghanistan on the border with Tajikistan and flows downstream between Turkmenistan and Uzbekistan. It forms a border between those two countries, to the Aral Sea. The Aral Sea has shrunk so much that what used to be its delta in northern Turkmenistan is no longer. The ground water in those areas is very salty because of all the salt that has leached out of the desert soil as they irrigate it. What happens is that in the spring they will open and flood the fields, to flush them. But they have to flush several times to flush the salt out. Of course, you are flushing the salt back into the river, and it flows on down the river. The next guy uses it to flush all the salt out. By the time you get to the end, you have very saline water. They say that people in Dashhowuz in northern Turkmenistan, when they go to other places and drink a cup of coffee, have to put salt in it because they are so used to salt in the water. They have lots of liver, kidney and other diseases because of it. So, yes, it is doing great damage to the land.

The problem for these countries is that Uzbekistan is, I think, the third largest cotton producer in the world. That is a hard currency earner for both them and the Turkmen. It is the major hard currency earner the Uzbeks have. Right now, it is the only one the Turkmen have since they cannot get their gas out. The advantage of cotton is you can load it onto a railroad car, and you can load it on a truck, as opposed to oil and gas, which has to go through pipelines. As of today, all of the pipelines are controlled by the Russians. Western critics occasionally say "Well, the Turkmen and Uzbeks have to do away with the cotton mono-culture and grow something else." The question is, "Okay, that is fine, but what is going to earn hard currency in the meantime?" Neither country is cutting back on cotton production. Indeed, they are probably expanding it. There is some hope of improved technology, requiring less water, fewer pesticides. But, again, all of

those involve capital investments, and no one has the money for them. There are advanced types of seed, but the Turkmen don't have the money to buy them. They are using 40 year old seed. A lot of the Soviet irrigation systems are old and just not very efficient, but the cost of these things gets astronomical. ITT Fluid Technologies, which is a part of the ITT conglomerate that sells irrigation equipment, has won one contract there and is looking at others for replacing Soviet pumps. There are some others. There is probably \$20 billion worth of irrigation infrastructure that could be installed in Turkmenistan and Uzbekistan, but neither of those countries has \$20 billion. As a result, the Aral Sea will continue to dry up. There are endless numbers of conferences on the Aral Sea issue. People, largely from the West, sit around and wring their hands and say what a terrible thing its disappearance is. In fact, Turkmenistan, Uzbekistan and Kyrgyzstan do need to do something about it. Then, the question comes up, "How about some money?" The answer from Western critics is, "We don't have any money." In other words, there is plenty of money for conferences, but there is no money for the changes themselves. I don't know what you would be talking about, in terms of money. I suppose you would be talking, conservatively, about \$500 billion to clean up the area and stop the diversion of water from the rivers. In Turkmenistan, for instance, one thing the Soviets did, one of their "great" engineering feats, was to build the Karakum Canal, which goes from where the Amu Darya enters Turkmenistan from northern Afghanistan and runs for 1,400 kilometers across the southern part of the country, ending up near the Caspian Sea. They started it in the 1950s, and as of independence day, they were still working on it. That canal has opened up all sorts of new areas. But, the dirt canal is not lined and not covered, and as a result you find large areas in southern Turkmenistan alongside the canal that are now swamp. In this desert country, you find these swamps where nothing can be grown, because you got seepage out of the canal. Well, I hate to think what it would cost to line and cover a 1,400 kilometer canal. So those are some problems that they face dealing with it.

Q: We are moving in the other direction and essentially doing what collectives do, in their own peculiar way. That is, have large industrial complexes, and the individual farm is shrinking all the time.

COTTER: Well, the Turkmen don't want this. What we have also accomplished is the percentage of the American people engaged in farming is now probably one and one-half percent, down from 20% in the 1930s. About 55% of Turkmenistan's population is rural, and the government doesn't want 55% of the population descending on the cities. They want a system that would actually keep people down on the farm. Well, you know as well as I do that that is a non-starter. Over time, it isn't going to work. But, this is one reason they would like to downsize to provide more work opportunity in rural areas, because otherwise if you simply modernize a collective farm, you are going to have an incredibly high level of rural unemployment. When they buy JI Case Harvesters, they will buy beautiful harvesting machinery, but that means the workers who work and pick cotton are no longer needed. You can say that that is great for them because it is excruciating work, but what do they do as an alternative, and how does the country absorb that labor?

Q: I would think that, being the ambassador in a place that is going through all these changes, in a way you would be presiding over a whole series of experts coming out from our country, and then others from other countries, all with great ideas, but almost being a waste of everybody's time. This is sort of technocrats coming out and saying what to do and all that, instead of somebody who knows the system and is willing to work with it.

COTTER: Actually, that is true, writ large for the former Soviet Union. Lots of money has been made. As you know, if you count the amount of our aid money that actually stays in the country, it is very small. It almost all goes to American consultants of one kind or another. Russia, of course, is full of this. Russia, was, up until the recent problems, full of 20-something Westerners, who were there giving them advice. Who takes advice from people fresh with their MBA, who have never worked? Well, you do it if it is not costing anything, or you don't have a choice. They have no understanding of what your culture is or how things work. It has been a real problem. It has created, in a number of these countries, the impression of change, where there really wasn't any. When a crisis comes, they revert, and then we say, "Well, how can this be? We thought you were well on your way to reform." Well, it was a house of cards. You also had a lot of people playing at political science experiments. Nobody has dealt before with how to turn Communist countries into market economies and democracies. In most of the other countries where we have worked on transitions, the countries have a basic culture or legal understanding of what we are trying to sell them. Even in the African countries, which call themselves socialist, people who ran them were all educated in France or England. If you talk to them about a contract, they know what you are talking about. If you talk with them about private property, they know what you are talking about. They may be trying to do away with it, but they know what you are talking about. In the former Soviet Union, on the other hand, they don't know what you are talking about. The concept of a contract didn't exist in the former Soviet Union. There is no such thing as commercial law. There is, in Turkmenistan, a court of economic crimes because private economic transactions were crimes in the USSR. In the absence of anything better, that court wrestles with the beginnings of trying to sort out commercial differences. Private property didn't exist. The concept of it didn't exist. Well, how do you create it? Again, in Poland, or in some of the other former eastern bloc countries where it existed before, you could go back to old land records, but in Central Asian countries, you couldn't. So, it really is very difficult dealing with people who don't have a conception of what you are talking about. We have been working with the Russians, putting in lots of money, on drafting a civil code. The Russians passed it less than a year ago, but the Turkmen just passed it. So they now have civil codes, but who are the judges, who are the bureaucrats that have any conception of what it means? They don't. Who are the law professors and where are the universities who understand the underpinnings of this new code? None of them do. So, you can't just enact a code like that. Even if you are dealing with people who want to do the best job they can, they simply don't have the intellectual underpinnings. In a perverse way, Turkmenistan benefited because it didn't reform. It has gotten, percentage wise, much less money than any other country in the former Soviet Union, so there are many fewer advisors wandering around.

We do these things in a self-fulfilling way. We can tell the Turkmen that they can get more money if they reform, and they can't get more money if they don't reform, but if there is no money to get some advice to them on how to reform, how are they going to carry out the reform? I argued against this mind set. While I was there, our total assistance, including USIA and AID, was between \$3 and \$5 million a year. Kazakhstan was getting about \$36 million, Kyrgyzstan a little over \$30 million, Uzbekistan \$20+ million. Armenia, of course, gets \$100 million plus a year because of the Armenian lobby in the U.S. Georgia gets a significant amount also. There are a lot of ways in which, if we had used this money sensibly, we could have made some real progress with them. We are beginning to. We have the advantage because you can bring in people who have now made mistakes in other parts of the Soviet Union for five years. Over the years since independence, we have weeded out some of the real incompetents providing advice across the FSU. Some of the good people who are around at least understand what they are dealing with.

Q: Well, as ambassador, did you find yourself a bit of a gatekeeper, trying to keep out fuzzy headed people out of grad school? Did you bring in what you would call hardheaded, knowledgeable people?

COTTER: No, my problem was getting anybody because we had so little money. I was trying to talk Washington out of more money. It could be that my predecessor would have had this problem, had he wanted money, but he was very much of the view that if the Turkmen don't reform, they don't deserve to get it.

Q: Well, in many ways, as you were really saying, you really don't come out that much ahead with a lot of money.

COTTER: No, that's true. We can come out further ahead now because, as I say, we've gotten rid of the real charlatans, except in the very big programs. There are still programs that are carried out strangely, and with AID you are dealing with fairly large institutional organizations. There is a lot of weight, and a lot of overhead. My problem was that until the Turkmen realized that they were only earning debts for their gas, building up IOUs in the Ukraine which didn't have any money, they were not very open to the idea of reform. But, that was the point when we could have gotten some more advisors in. It is a long process. We have advisors there for a year before they really win the confidence of the people they are working with. So, it's a slow process. We were lucky enough that there wasn't money there, so we had to be much more careful of how we applied it. Indeed, if there is a lot of money and the inevitable emphasis on spending it all, you run into these kinds of problems. I would think that my colleague in Armenia had some real problems with that. I would think the mission in Russia had some real problems. I would guess the Russians probably have taken us for a significant amount of money. But, again, there was a big rush to get in. We had a great opening, and we were going to try to do everything in a hurry. I think, in hindsight, a lot of money was wasted but not in Turkmenistan, where we simply didn't have that money.

My big problem was somehow trying to squeeze more money out of the system. For instance, we had no USIS operation at all. Right after independence, USIS along with everyone else, expanded like crazy and opened up full public affairs operations in most of the new embassies, which didn't need them at all. Well, Tajikistan had a civil war, and Turkmenistan wasn't reforming about the time USIS sort of ran out of money and interest, and so we never got one. When I was going out to post, I argued on this, not only because my wife is a USIS officer, although they made clear from the beginning that she wouldn't be able to work there as a USIS officer because of nepotism rules and concerns. We even said, "Look, you are not going to put a permanent position there, but how about a designated position for two years and we can supervise her from outside?" At least that way she would be able to set the FSNs up with a program that functions. They wouldn't do that either. But when we got to post, we saw how much this was like what USIA's function was when it began in the 1950s and 1960s - telling America's story, teaching English, making things accessible to people who have never had them before. Well, USIA doesn't do that anymore. They got out of that business. They didn't do English training anymore. They felt they had gone beyond that. That is fine for the parts of the world that don't need it, but here they have opened up a whole part of the world that literally in these areas was just like the 1950s in other parts of the world. We had no flexibility to say that we would go back and do some of the tried and true things that we did successfully in other places. So, we had practically no USIS. All of our assistance (as for other FSU states) monies were not USIA program monies. They were out of the Freedom Support Act, which is a separate line item of assistance money to the former Soviet Union. I argued on this until I was blue in the face and was unable to get USIA to do this.

Q: How did you find the bureaucracy of Turkmenistan, from the President on down, dealing with things?

COTTER: The president was easy enough to deal with. I don't know that he listened very much.

Q: Who was the president?

COTTER: Saparmurat Niyazov, who took on the second surname of Turkmenbashy, for which he has been laughed at. Turkmenbashy means head of the Turkmen. He styled himself, I think, after Ataturk, whose name means father of the Turks. Niyazov has quite a colorful personality, which most people liken to Stalin, although, again, I think it is much more based on what Ataturk was trying to do. Niyazov was always accommodating when I would talk with him, but he certainly had his own way of doing things. The foreign minister was the only senior government official who spoke any English. He was a former KGB diplomat, and he spent a good part of his career in India. It's very hard to deal with the Turkmen bureaucracy. First, it was very hard for us to get unfettered access to them. I fought this the whole time I was there. We would find that for our staff member to go call on someone at the ministry, we would have to send a diplomatic note. Well, we refused to do that. We would go in and talk with the foreign ministry, and say, "Look, we shouldn't have to do this." They would say, "You are absolutely right. You

don't have to do it." It turns out that, to some extent, the problem was bureaucrats protecting themselves. They were not about to talk to an American unless they had a piece of paper saying that they were authorized to talk to him or her. Again, this was a vestige of the old Soviet mentality, which many Turkmen still have. Well, they knew the Cold War had ended and we were friends, but not so much friends that we were going to actually get in their office. We found this all time when trying to get hold of documents, because they are secret. They tell us that we can't have some documents. We tell them, "We have an agreement, and we need these documents." Their response is "They are secret; you can't get a hold of them."

To see senior ministers, I would generally have to send diplomatic notes, but for ambassadors to be required to do that, is not that uncommon around the world. We generally refused to do so for the rest of the staff. This caused great frustration when a staffer really needed to see somebody and the only way to do so was to do a diplomatic note. Every once in a while, we would do a diplomatic note when there wasn't any other way to accomplish what we needed to accomplish, but, generally, we wouldn't. If the Turkmen had their way, we would deal with them only through the foreign ministry. Again, this is not something unique in that country. That is the way the Ecuadorian Foreign Ministry would have liked to have us work. To some extent it is the way the Turkish Government still works today. Although you have access to other ministries, the foreign ministry would much prefer if diplomats worked through them. So, access to the government was hard. It depended a lot on officers developing relationships. There, of course, one of the things that works against us is two year tours. It takes longer than a year to develop the kind of trusting relationship with the Turkmen that will give you access that you need. We depended quite a bit on FSNs for this as well. They could have a little easier access. The problem with the FSNs is they wouldn't know what question to ask unless we coached them on it. We would tell them to find out a certain thing, and they would come back and say, "Well, I asked, but they didn't answer." We would tell them that this was not satisfactory. The FSNs' view on this is if they ask a question and are told, "no," they don't push it, they leave. Even though they knew they were working for the U.S. and knew, in theory, that things had changed, the internal spirit that they have worked with for 40 years tells them how to react in these situations. Access could be fairly difficult.

Q: I would have thought that you would have had a watching brief, since your country borders both Iran and Afghanistan. We are talking about two things that sometimes are joined together, the terrorism, but also the Islamic fundamentalism. You must have spent a lot of time kind of watching this, didn't you?

COTTER: Yes, we watched these things to some extent. There was a lot of interest early on, and even by the time I arrived, about the potential impact of fundamentalist Islam in Central Asia, and a lot of concern about the Iranians. It turns out that a lot of this comes from our own ignorance of how things work because in fact, in most parts of the region, the Iranians are not the source of Islamic fundamentalism. The Central Asians are Sunni, not Shiite Muslims. Plus, they don't have any language commonality with the Iranians.

Q: They really are not very religious anyway.

COTTER: No. In some areas, they are. This is a different subset of the problem. In the populous urban areas of Uzbekistan, and in Tajikistan, people are quite religious. There always was, in Central Asia, a dichotomy. There were the nomadic peoples and the sedentary peoples. The sedentary peoples were always more religious and more organized than were the nomads. The Turkmen are cultural Muslims but certainly not religious. I bet there are not 100 people in that country who know all of the Muslim rituals of Islam. For instance, you never hear the call to prayer. A lot of that the Soviets beat out of them, but much of it wasn't there even before the Soviets arrived. But there are other areas, such as the Fergana Valley, where Uzbekistan, Kyrgyzstan, and Tajikistan come together, where indeed there is a problem with religious fundamentalists. But where it comes from is Saudi Arabia. The source is what is called in the former Soviet Union the "Wahhabis." They are who are in Chechnya and are funded by Saudi money. Wahhabism is a very conservative, very strict strain of Islam that grew out of Saudi Arabia, not from Iran. It is also a movement that wouldn't have much sympathy in Iran. My feeling on this has been that Iran's goals in this part of the world predate religion. The Iranians, I think, are like other former imperial people in the world. They consider themselves Persians. Maybe whoever runs the place now claims to speak for God, but I think when you scratch an ayatollah, you get a Persian. For them, Central Asia is part of their historic sphere of influence. These areas belonged to them once upon a time, and they still see the region as their natural sphere of influence. There is no doubt that Iran has goals in the area, but they are not primarily goals that have to do with the propaganda of Shiite Islam; they are goals that have to do with regaining Persia's historical influence in the area. So, we watched the Iranians, but they weren't having much success. The Afghan War we also watched, to some extent.

This part of the world highlights one of the very interesting problems for the U.S., internally, and that is how we organize ourselves to watch and monitor a region. Central Asia is at the cusp of three different bureaucratic spheres of influence in the State Department. Responsibility for the countries of the former Soviet Union is under the special advisor to the Secretary for the New Independent States (SINIS). I understand that under the planned reorganization of the Department, SINIS is going to finally be a bureau. It is going to be called EEE, Eastern Europe and Eurasia. I gather that it is called Eastern Europe because the Ukrainians and the Moldovans want to be considered Europeans. Iran, of course, comes under the Near East bureau (NEA). Afghanistan comes under the South Asia bureau (SA), along with Pakistan and India. So there are three bureaus, all of which are responsible for developing our policy in the region. Clearly, the SINIS people focus mainly on Russia. For them, Central Asia is really on the periphery. Again, it is on the periphery for NEA. It is a little bit less on the periphery for South Asia, but even South Asia is uncomfortable with it. As a result, there ends up being something of a policy vacuum because no one really takes charge of overall policy.

Our policy on Afghanistan has been hampered by the fact that we are not comfortable sitting down with the Iranians and talking about it. The fact is that if you can't talk with the Iranians about Afghanistan, you are not going to solve the problem. So, most of our

Afghan brief is mostly out of Pakistan, as it had been during the war. There is access to Afghanistan from Turkmenistan, but I don't know of anybody who even visited the northern coalition cities, some of which you can drive to from Ashgabat. While I was there, the assistant secretary for South Asian affairs came through Ashgabat twice on a briefing mission. She came to talk with the president about it, but that was about all. The Turkmen had been willing to host a peace conference of the Afghans, but the Afghans haven't gotten far enough along to be able to do that. So, we watched these things, but not as our primary point of interest. The other limit on our ability to track these things in depth, of course, is the problem of limited staffing. Basically, we were not going to accomplish much of anything. When the former Soviet Union countries first opened up, we had the ambassador and what later became a deputy chief of mission. There was a big controversy in the Department and it eventually designated most of the embassies as special embassy program (SEP) posts. Originally, SEP posts did not have a DCM. That created confusion, particularly with other agencies, about who ought to be in charge when the ambassador was gone. The Department, after mulling this over for several years, finally created SEP DCMs, which is a DCM without any of the perks that a DCM normally gets. They don't get dedicated housing; they don't get the silver and china, and all the rest of that. So our staffing consisted of an ambassador, a DCM, one political-economic officer - I'll go through the State people first - one communicator, one secretary, a vice consul, an administrative officer, and a general services officer. Then, we had a contract facility maintenance person and a one-person defense attaché office, which most of the time was staffed by people on TDY from the Marshall Center in Germany. We also had a regional affairs officer and a communicator. That was the total staffing. Now, we also had PIT positions

COTTER: Right. Well, a couple bits of history here. One is that the Caspian areas had oil for a long time in a number of areas, particularly southwestern Azerbaijan. The Russians first used oil from there in the late 1800s. The oil bubbled up to the surface, in 1870, before people really were clear what to do with it. Azeri fields were a major source of oil for the Russian Empire and for the Soviet Union for a long time. During the Second World War, the Baku oil fields were a major target of the Germans. Indeed, there is today, in Turkmenistan on the Caspian Sea, an oil refinery which was provided to Russia under Lend Lease from the United States. It was originally in a town in Russia, and then, when that town came under threat, the Russians moved the refinery down to the Caspian Sea. The Turkmen are very proud of the fact that this is Land Lease and still running (although they are now replacing it). So, oil has been in the area for a long time. The Soviets, of course, didn't go about exploring very effectively or very efficiently, and their technology to draw out oil was very limited. They also did a very dirty job of it. When you go to western Turkmenistan to the oil fields there, there are incredible hulks of machinery lying around and hundreds of these donkey engines...

Q: I think they are these up and down things.

COTTER: Up and down things pumping oil, some of which work, and some of which don't. In any event, in the 1970s and later on, the Soviets put most of their effort into exploiting Siberian oil and gas fields, and they really stopped investing in the Caspian area. A lot of the oil in the Caspian is quite deep, but the Soviets didn't have the technology to exploit it. In any event, when those countries became independent, two things happened... by those countries, we really are talking about Kazakhstan, Azerbaijan and Turkmenistan. Now, Azerbaijan is where most of the oil was exploited in the Caspian basin, not much in Turkmenistan.

Q: Baku.

COTTER: Baku is the capital of Azerbaijan, and it sits right on the Caspian. I'm not certain how much of the deposits in Kazakhstan were well known, but certainly soon after independence day, the Kazakhs encouraged foreign companies to come and take a look at them. Turkmenistan, as I said yesterday, has primarily gas, and not so much oil. It doesn't have so much experience in exploiting oil. I can talk a little bit later how the Turkmen were a little slow getting off the mark. The major international oil companies, as usual on the outlook for new reserves, were very interested, I think, right after independence. I have seen it written and said that U.S. Government policy in this area is motivated by and formed by the oil companies. I think that is not quite accurate. I think what you have is a conjunction of interests. Our interests in the area are fairly clear. Essentially, it is to help to do what we can to ensure the political independence of the countries of the former Soviet Union. The reason for that, obviously, is to prevent or help avoid a re-creation of a Soviet or a Russian Empire that ends up becoming another challenge to us. Obviously, hand-in-hand with political independence goes economic viability. This is a real problem in some of the countries, especially those which must import energy and are energy dependent and which have not found productive activities to replace those that they engaged in during the Soviet Union. Ukraine, Georgia, Armenia, Belarus are all examples of this. So it seems fairly clear, perhaps shortsighted, although I don't think so, that for those countries that do have an economic resource that can be exploited upon which their economic independence can be based and solidified, it is only reasonable that they would pursue that. When you come to Azerbaijan, I think the oil is the only major resource of any kind they have. Kazakhstan has a number of alternatives, but very clearly oil will be a major part of their economic development. Turkmenistan has cotton, but I don't think anybody would suggest that a cotton mono-culture is any better than exploiting a natural resource like gas. So, for those countries that have oil or gas, it automatically becomes the prime candidate for forging economic strength that will underlie their political independence. The fact that this coincides with oil companies' interest is obvious, but I think it is a mistake to suggest that oil companies drive our policy. I think U.S. policy would be the same if it were another natural resource. It is true, however, that oil companies coming into the region then have a significant influence in what the United States does and how it does it. I think in Kazakhstan, which I can't speak to directly, but certainly the oil companies there have been very influential and have good access to the embassy. The embassy assists them in any way possible, as we would any other company. The same is true in Azerbaijan, where there is a large number of American oil companies. It is true to a lesser extent in Turkmenistan, although only

UNOCAL and Mobil have been working there. We work very closely with those companies.

In Soviet days, and still to this day, all pipelines in the Soviet Union, and the markets for energy resources in the Soviet countries, went essentially from the southern area north and west. Turkmen gas went north and west. The oil pipelines that existed went through southern Russia, to Novorossiysk, on the Black Sea, from whence they were exported. Those pipelines, in most cases, are old and suffer from the general Soviet lack of maintenance and technology. In any event, they were only developed to export the quantity of oil that the Soviet Union was planning on exporting. Once there are independent countries, each of which wants to maximize what it is doing, all of a sudden the need for export capacity goes up exponentially. We had to negotiate agreements with governments that aren't very familiar with this, which took up a lot of time in all of these countries. All of them felt that they were sitting on great riches, that it was a seller's market, and that they could extract terms from the oil companies that would make them wealthy forever. Well, the oil companies didn't look at it that way. At the present time, this is incremental oil. The oil companies and western governments tend to look at Caspian oil as a strategic reserve for, perhaps, sometime in the 21st century. This was obviously not something that the countries in the Caspian liked, since they are not interested in exploiting a resource in the 21st century. They want to exploit it today. Nonetheless, there were as you might expect the normal conflicts in negotiating agreements. We have seen replicated already in Turkmenistan in one case and I think we will see in some of the other countries, what has happened in other parts of the world. That is, the first company in an area, particularly with natural resource exploitation, comes in and says, "Well, nobody has been here before. This is a new market, a very risky market. We need a return that reflects the risk we are taking." Then, they negotiate an agreement that gives them a significant return. Their investment proves out. They get along with the government, and the second and third companies come in. Well, the risk level has dropped. They are willing to settle for less return. Well, the government signs on with better terms for those companies and then looks at the first contract and thinks it was taken advantage of. Then comes an effort to renegotiate, or simply, flat out break the contract. I have seen this happen in Ecuador. It happened in Mexico a long time ago, and it has happened in other countries. It happened in Turkmenistan in the case of an Argentine company, Bridas, which had the gas and some oil exploration and production agreements with the Turkmen government. The Turkmen reneged on these and have been in arbitration and court over them for some time. So, the first stage, which took some time, was negotiating agreements and for these countries to determine how they were going to go allowing foreign companies in. There is also a lot of jockeying because some of these projects were quite large, and so involve consortia, rather than single companies.

Q: I want to concentrate, because this is your oil history on Turkmenistan.

COTTER: Okay. Well, then you get a somewhat different picture. Let me move more quickly through this. Anyhow, the third thing is getting the oil out. On that, there has been a lot of discussion. There is the oil pipeline that goes to Novorossiysk, which comes up from Azerbaijan. The companies in Kazakhstan have been negotiating with the

Russians to build a pipeline, which would go north of the Caspian Sea and connect with the pipeline to Novorossiysk. The U.S. has been working very hard on negotiating pipelines from Baku, across the Caucasus to the Black Sea, or then down through Turkey to the Mediterranean. You can get Stan Escudero in here at some point to talk about all that. Turkmenistan was a little different, again, because it is focused on gas. But it shares with the other countries the difficulty that they think it is a seller's market, or have thought that it is a seller's market, and that they were in charge. When UNOCAL came in, they first got into trouble because the Argentines had originally had the concession from the Turkmen to build a pipeline down to Pakistan. UNOCAL came in and negotiated with them and UNOCAL and Bidas have been involved in a lawsuit ever since. The Turkmen felt they could dictate price and how the project proceeded. Well, the fact of the matter is that what is going to dictate it is how much it costs to build a pipeline, and then what the market in Pakistan is. It turned out that the Afghan civil war is preventing any pipeline from being built for now, but even if a pipeline was built, it's not clear that a sufficient market exists in Pakistan to use the gas. A lot of the projections that were done by UNOCAL originally were betting on the cone. They were looking at Pakistani projections of what their need for energy will be, what their growth would be, over a period of time. It has been assumed that most of this gas would be used to generate electricity. I think, as with most countries, Pakistan's projections were wildly optimistic. It has also been thought that the only way the project would really make sense would be to extend the pipeline on to India, which makes a lot of economic sense, but probably faces some political difficulty. UNOCAL put together a consortium with a couple of Japanese companies, or an Indonesia company controlled by Japanese, and a Saudi company, to carry out the pipeline. That consortium still exists, although as I left Turkmenistan, it was practically moribund.

This is really difficult for the companies because there is a whole series of negotiations that have to take place. They can talk with the Turkmen, on one hand, about exploiting gas. Really, the way their contract with the Turkmen read, it simply required Turkmenistan to deliver to the border X amount of gas and to prove that it had the reserves to do that. The assumption was that the Turkmen would pump that gas themselves and get it to the border. The fact of the matter is that we believe that any banks that finance the project would want to have an international operator in from the beginning, but UNOCAL simply felt that they would sort that out if and when the time came. Well, they also had to negotiate with the Pakistanis, and they had to negotiate with the Afghans. Negotiating with the Afghans was very difficult because they had to decide who to negotiate with. This caused enormous difficulties as it wasn't clear who was in charge. The government in Kabul during most of this time was what is called the Northern Alliance. It insisted as the "government" of Afghanistan that it would be involved in the project, Even though they didn't control the route. Since late 1996 the Taliban has controlled the entire route, but it has been very difficult for UNOCAL to find someone in the Taliban who can speak to this issue definitively, because it is not a very organized entity. There have always been concerns about Taliban ability to control the pipeline. Then, UNOCAL had to negotiate with the Pakistanis. The Pakistanis have had their own difficulties. One of the other elements that entered into this was Saudi interests. In the battle between Bidas and UNOCAL as to who was going to build the line, at one

point Bridas had claimed to have the support of Prince Turki. I think his full name is Turki bin Faisal, who is the head of Saudi secret service. He is a very influential person. UNOCAL, on its side, had another Saudi company, headed by an influential businessman. There was much toing and froing as to which of either of these consortia the Saudis actually supported. At one point, we sent Embassy Riyadh in to ask the Saudi Government what the heck was going on. We discovered, as one might expect, that the government took no interest in it at all. But it is often difficult to separate influential Saudis' individual interests from their government positions. That finally got sorted out, but not without many anxious moments.

Q: We want to make sure we are focusing on you, rather than a general lecture on this. Your experiences, because...

COTTER: I know what you are after. My experience was fairly limited because we didn't have, other than UNOCAL's interest, very active foreign oil companies that depended upon the embassy for anything. The U.S. Government's position has always been that we are not a party to the pipeline, it was the company's. This is difficult for the Turkmen to understand and difficult for others. In late 1995, when UNOCAL signed its agreement with the Turkmen, it was signed in the United States. The U.S. Government came out and said that we supported the UNOCAL project. This created, in all other governments' minds, the impression that the U.S. Government was involved in this. Of course, our real position was more sophisticated. That is that we want these countries to exploit their energy resources, and we think it is great if American companies are participating because we think American companies are the best companies in the world, but we don't take the position of any one company. UNOCAL preferred to hedge on that. The Turkmen preferred to say that they had the United States Government as a partner, as did the Pakistanis and others. This came to a head at several points. It came to a head the first time a document was signed on this pipeline agreement. It was signed by the president of Pakistan, the president of Turkmenistan, and someone representing Afghanistan. They came to us and said, "We want someone from the United States Government to sign this." My answer was, "We don't have a horse in this race. UNOCAL is your partner, not the U.S. Government. We think this is a great project, and we are 150% behind you." The Turkmen have never really understood this very clearly. It is also a factor to some extent in how they divide up foreign influence to ensure that everybody has an interest. President Niyazov, for a while when I was there, indicated that UNOCAL had eastern Turkmenistan and Mobil had western Turkmenistan. Neither Mobil nor UNOCAL liked that idea, but in Niyazov's mind, he wanted American oil companies there, and it was cleaner to divide these things up because that way you don't have "unruly" competition. Why did Niyazov want to have American oil companies there? I think, certainly in the early couple of years, when the Turkmen and these other countries were very concerned about a return of the Russians, they had a feeling that not only was there energy to exploit, but the companies and companies' investments could be held hostage to continued U.S. Government involvement. In other words, if you have a German company or an Argentine company, and the Russians start to play hard ball, the U.S. Government isn't going to take any interest in it. On the other hand, if you have American oil companies in there and there is a problem, the U.S. Government will undoubtedly come in and defend

your interest. This never gets articulated, certainly never in a meeting with me, but it was always there, implied.

I found, as difficult as dealing with Niyazov and the Turkmen on this was, that somehow dealing with and getting Washington to understand what things were like in the field was tougher. I kept getting instructions to find out what was going on in the field, and what would convince Niyazov to support a pipeline. My answer was always the same: "Build it and they will come. Niyazov isn't going to build the pipeline. Most of it doesn't go through his country, and he doesn't have any money. He will ship gas through whatever pipeline people build. If we or someone else can build a pipeline, or at least come up with a project that has financing and is ready to go to build a pipeline under the Caspian Sea and the Caucasus, Niyazov will be happy to sell gas through it. If we can't do that, he isn't going to support it. He isn't going to support it when there is nothing there." Washington had a very hard time understanding this. They wanted a flat commitment that he wouldn't build a pipeline through Iran. At the same time that we were pressing our route, Shell Oil was busy negotiating with the Iranians to build a pipeline to Turkey, and understandably, Niyazov was unwilling to commit himself to one project or the other. I think, as of today, the issue is still in abeyance. I think Niyazov would use whatever pipeline goes through. The last I heard, the Iranian project was off. Frankly, even the trans-Caspian pipelines are a little in abeyance because with oil at \$10.00 or \$11.00 a barrel, it is not clear whether anybody is going to go to the expense of exploring and drilling for Caspian oil.

COTTER: It is driven by domestic and congressional politics and by our Middle East policy, in general. One of the interesting things about the opening up of Central Asia to us is that it brings a whole new perspective on Iran to bear. Iran looks much different when you are sitting in Ashgabat with Turkmen, than it does if you are sitting in Washington. Indeed, all of our ambassadors in Central Asia, myself included, were advising Washington that we had two inconsistent sets of policies here. We had a policy that looked at Iran in terms of the Middle East, which was driven largely by Iran's continued support of Hezbollah, their refusal to accept the existence of Israel, and their support in one way or another of terrorism.

Then, there is a whole other range of issues revolving around access to Central Asia, getting Central Asia's energy resources out, and resolving the Afghanistan conflict, all of which required in a rational way cooperation with Iran. Certainly the American oil companies have been beside themselves about our policy and its impact on their ability to do business in the region. It is one clear area where it is obvious that our policy and the American oil companies' policies have not seen eye to eye. But, our policy is driven largely by congressional views and U.S. domestic views, mishandled by the Administration. The fact of the matter is that supporting an opening with Iran wins no votes, while bashing Iran is a sure vote winner. There isn't anything in it for many congressmen to come out in support of changing policy to Iran. For the Administration to do it, it would have had to have been soon after an election, when it really didn't have to

face another election for some time and could take these kinds of risks. But the Clinton Administration has never been very good at that.

The whole problem is complicated. We had good conversations in Ashgabat about this because the Turkmen had quite an amicable relationship with the Iranians. They exchanged presidential visits twice a year; they had a joint commission with the foreign minister that they participated in; they had an energy dialogue. They had a number of cooperative things going on. We usually got pretty good reports from the Turkmen of their meetings. They would have loved to serve as an intermediary between the United States and Iran, should the United States want to engage the Iranians more in opening up. Ashgabat would be a good place for that because you don't have to worry about a lot of press hanging around. You can certainly have private meetings. So, the Turkmen were very interested in playing an intermediary role.

There are two sides to the Iran issue. One is the United States policy and our hang-ups, but the other one is the Iranians' own problem. For a long time, it has been clear that no Iranian is going to win any votes by being nice to the United States. The election of President Khatami really opened up some new possibilities, since he is considerably more liberal, considerably more open to opening up dialogue with us and changing. But also he very clearly is someone in limited control of his own political situation. I used to have very good discussions with the Turkmen foreign minister about this. We sought his counsel as to how to proceed. His advice, informal during that period, was that we had to proceed very carefully. Overtures by the United States to Iran that were seen by the conservatives as going too far would simply serve to encourage them to cut Khatami back further. So, whatever was done was going to have to be very carefully orchestrated. The Turkmen were, obviously, very hopeful that the situation would improve. We had a number of congressional visitors, almost all of whom would see President Niyazov and bash Iran. Niyazov was very effective in these discussions in explaining his situation vis-a-vis Iran and his disagreement with that policy. I must say, I'm not sure I saw any great change, but there did begin to be some openings in the Congress looking at the broader perspective. Senator Brownback, who is certainly no friend of Iran, is promoting a Silk Road policy of trying to put more assistance in for the Central Asian countries. His exposure to that over time will change his views because you can't deal with that part of the world and not change your view on what Iran is and what role it needs to play. On Afghanistan we had to deal with Iran. There are some who believe that Russia, for its own purposes, doesn't want Afghanistan at peace because conflict there enables them to justify keeping troops in Tajikistan. There are some who feel that Iran doesn't want Afghanistan at peace because if it is, then the Pakistanis have a much, much more direct access to the markets in Central Asia and that Iran doesn't want. Frankly, I think the Afghan conflict is disagreeable enough that probably everybody would like to see it resolved sooner rather than later. The only question is the terms. We really are outside players in this. We would like to be a central player on Afghanistan, but the fact of the matter is we are not willing to put in resources or bodies or anything else to solve it.

Q: Are there any Russian troops in Turkmenistan? I know they were in Kyrgyzstan.

COTTER: No. They have approximately 500 Russian border guards there on contract, serving the Turkmen border guards. Unlike Kyrgyzstan, the border guards are Turkmen, with a number of Russians, mostly in communications and transportation. They also have probably a couple of hundred other military advisors, who again serve on a contract basis. But those numbers are dropping. My guess is the number of advisors is about several hundred. The Russians actually closed the bases they had in Turkmenistan and the Turkmen encouraged them to be closed back in 1993. So, you certainly get a different view of Iran when you sit in Ashgabat 35 kilometers from the border. As I said before, Iran's goals in the region are Persian goals, not Muslim goals. I think the opening up of Central Asia probably will help over time in changing our view of Iran simply because we will be forced to engage Iran on different issues than we have in the past.

Q: Did you get a feel for any changing attitudes in Iran? As we are talking now, it is the 20th anniversary of the arrival of Ayatollah Khomeini back into Iran, the 20th anniversary of the revolution. Things aren't going terribly well. The young people want to get on with things. The Iranians are smart people. This clerical government doesn't sit terribly well.

COTTER: I think my insight to this is what any intelligent observer who follows international press gets. That is, the fact that Khatami won 77% of the vote indicates that people are dissatisfied. Our access to and exposure to Iranians, of course, was very limited. The Iranian ambassador in Ashgabat was a businessman from Meshed, whose family had a lot of business interests. Obviously, he and I never sat down and talked about this. Since I have a beard and he has a beard, President Niyazov used to delight in posing the two of us together. At state dinners and other events, the ambassadors would all troop up and have our picture taken together with Niyazov. He would say, "Oh, my two brothers," and would get me on one side and the Iranian on the other. It was never very clear who was more uncomfortable. The Iranian seemed to be a very nice guy. He spoke English very well. I would have enjoyed getting to know him.

Q: This diplomatic game of not recognizing people and not talking has always struck me as being completely undiplomatic. In other words, you talk to people no matter what. We end up by playing it. It is like withdrawing your ambassador if the situation gets tense. We used to feel that it was a good idea to have an ambassador, the highest person you can have in a country.

COTTER: I guess that is true, but on the other hand, people would read a lot into it. If the Iranian ambassador and I were deeply engaged in social discussion, much would be made of it. Basically, what happened is we sort of avoided each other. Every once in a while, I would be in a situation where I had to shake his hand and he would have to shake mine. But usually we would simply circulate in other parts of a reception. Given that, if we had started talking, it would have created enough of an impression that ultimately somebody would report back to Washington that I had been cozy with the Iranian, and I would hear about it. Also, there really wasn't anything to talk about, other than to exchange pleasantries. We are not going to get engaged in policy issues. I have no guidance. Indeed, our instructions are fairly clear. We communicate with the Iranians through specific

channels in Switzerland. We, as individual diplomats, are not encouraged to free lance on this. We didn't see very many Iranian businessmen in Ashgabat. The Iranians wanted to get into business but were constrained by the fact that their internal controls are fairly strict. And they don't speak the language. Their way of doing business is not as effective as either the Turks or the Pakistanis. There was one Iranian store in town. I used to go in and shop, as you could find canned goods there. The Iranians make really great pickled garlic. I remember one time we were doing our cost of living survey. We would go around to different grocery stores and write down the prices. Our spouses, who were doing the survey, went into the Iranian store and had a notebook to write things down. Someone from the store came up and asked what they were doing. The spouses responded that they were from the American embassy and they were doing a survey, and they were kicked out of the store. The Iranians wanted to have the Turkmen be more open in giving them visas. The Turkmen were very reluctant to do so because I think they were concerned about exactly who was going to be traveling. It is also difficult to travel into Iran from Turkmenistan. There is a road that goes south from Ashgabat through a pass in the mountains and crosses the border about 30 kilometers away. Meshed is 250 kilometers from Ashgabat. A number of my diplomatic colleagues drove to Meshed and generally found that even though they had gotten a visa, after much waiting, they could be delayed at the border for a good period of time because, of course, the border in Iran isn't controlled by foreign ministry immigration people, but revolutionary guards. There was a UN mediator in Tajikistan, a Uruguayan, Perez-Ballon was his name. At one point, when the Turkmen were hosting peace talks on Tajikistan, Perez-Ballon was in town and decided since he was there he would take a trip down to Meshed. They had arranged all of this with the Iranians because there was an Iranian delegation involved in Tajik talks as well. He got to the border and waited five hours. Finally, he was turned around because whatever documents he had gotten from the foreign ministry had not been communicated to the border.

Q: Looking at this, when you left in 1998, what was your impression of whither Turkmenistan? From what I gather, you have some natural resources. You have cotton, and types of governments come and go, but basically, these are not a technologically... In fact, the whole damn area, there are mainly people who have been nomadic for centuries. The rule that was there was Russian, which really didn't impart an awful lot. The technology, behind the West and all that. Why, do you figure? Do you think Turkmenistan is going to stay viable or become part of something?

COTTER: A lot of that is beyond the control of the Turkmen. One of the key issues in the area is with Russia, which is a critical issue. If Russia decides that it really is Western focused, that it really is European, and that its future lies with development with the West, I think the countries in Central Asia have, for the midterm, pretty good prospects. If the Russians decide once again that the West is their enemy, that they are being betrayed and cheated by the West, and that their only hope is to form another union, and if they can manage to organize themselves sufficiently to do so, I would think that the future of the Central Asian countries is much in doubt. Clearly, if Russia were able to exercise greater political and military control over that part of the world, beyond rhetoric, there is not much we would do about it. So, the constraint is Russia's own disorganization and

impotence at the present time. If the Russians were able to and decided to reassert their authority over those countries, I don't think there is much question but what they could do so.

Similarly, if you look beyond the midterm, it is very hard to tell what will happen in that part of the world. You have an Iran which has historical interest in this area. You have the Pakistanis, or let's say, the Pashtun peoples from Afghanistan and Pakistan, who feel they have a historical interest in this region. At one point, Balkh, a town in northwestern Turkmenistan, ran a significant empire in Central Asia. The Pakistanis certainly feel they have an interest. The Turks feel that they have cultural and other affinities. Now they are not as near, but one could see, at some point in the future, a new "Great Game" being played out between Russia, a resurgent Persia, and a Muslim Pakistan looking for strategic depth against India, all of which could bring a lot of pressure on these small countries. Now, it may also be that they serve as a convenient buffer between these various groups, and therefore the Russians and the Iranians and the Pakistanis or Indians and the Chinese, when you get out to Kyrgyzstan, decide that having a series of small buffer states is preferable to confronting each other directly. If that is the case, the future of those countries is probably pretty well assured.

For the short-run, I think, Turkmenistan is in pretty good shape. I think all of the Central Asian countries are in relatively good shape from that perspective, with Kyrgyzstan perhaps being the most at risk. Tajikistan is also somewhat at risk. The potential for unity amongst the Central Asians is not there. The animosities between the various ethnic groups in Central Asia are sufficient that they would not unify. The Uzbeks talk about this occasionally. The Uzbeks dominated Central Asia during most of the period before the Russians arrived. You had the Emirate of Bokhara and the Khanate of Khiva, both of which were essentially run by Uzbeks. The Kyrgyz and the Turkmen and the Tajiks, for instance, have no desire to serve under the Uzbeks. We have been pushing various ideas of cooperation and unity very hard in the various countries. AID has been very active in pushing cooperative projects, most of which the Uzbeks like and their neighbors don't care for at all. The Uzbeks have taken as their national hero Tamerlane, the empire builder. Well, the Turkmen look on Tamerlane as the one who destroyed the city of Merv for the second and definitive time. They see the Uzbeks taking Tamerlane as their national hero as an indication of the Uzbek mindset and latent aggressive tendencies. Turkmen national heroes are poets. There is obviously a difference there as to how they and the Uzbeks perceive themselves, even though the Turkmen have been a very warlike group. So, the potential for any kind of unification amongst the Central Asians I don't think is very great. I think the effort we have been spending on trying to promote that isn't going to go very far.

So, I think Turkmenistan will do okay. It has a very small population, which is still largely rural. The population has very low expectations, either in terms of material wealth or of quality of government, so it isn't going to take a very competent government to satisfy them. Obviously, they will be more demanding as time passes, but hopefully the government will be more competent at delivering services. One of the things I was happy to see in Turkmenistan is that the level of corruption has been considerably less than in

some of the other countries. That may be partly a fact of there not being as much money floating around, actually or potentially, as in other countries. It may also be because the Turkmen, even at the leadership level, are not so greedy. There is no mafia as there is in Ukraine and Russia. While every minister who can get his hand in the till does, it is not for extraordinary amounts. Certainly not the corruption at a level one sees in Kazakhstan or Azerbaijan where there is corruption, partly because there is lots of oil money floating around, which has reached very significant levels. If the Turkmen can control that, they will be much better off. Turkmen officials don't live terribly ostentatiously. They all drive Mercedes Benzes but they are government Mercedes Benzes. I don't think most of them have a personal car. They wouldn't need one. They have use of the government car. Ministers are only now starting to build better houses. I don't know that any of them, including the president, has Swiss bank accounts. I'm not sure he would know what to do with a Swiss bank account if he had one. So, basically, I think it will survive as a fairly small, rural country. One of the questions is, if and when it begins to receive significant amounts of oil and gas dollars, what it will do with them. AID, to its credit, has run a number of seminars, which they would like to increase, to compare countries with natural resource wealth - those that have succeeded and those that haven't, and why. A number of Norwegian ex-ministers have come in and talked about how Norway has managed its energy money. People usually put Norway up on one side and Nigeria on the other side, as to which way you can go. I would talk to Niyazov about this, and he is quite receptive to the idea of making sure that they do well with their wealth when they get it. But planning is not his strong suit. I sort of have my doubts as to how successful they will be.

End of reader