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

AMBASSADOR CHARLES A. FORD

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: Today is 23 November 2009. This is an interview with Charles A. Ford. What does the A. stand for?

FORD: Arthur.

Q: Arthur. This is being done on behalf of the Association for Diplomatic Studies and Training, and I am Charles Stuart Kennedy. Do you go by Charles, Chuck, or what?

FORD: Chuck.

Q: OK, we will go by Chuck then. So let's start at the beginning. When and where were you born?

FORD: I was born in Dayton, Ohio, in May of 1950.

Q: Alright, what do you know about, let's take on your father's side first. What do you know about your family on your father's side?

FORD: My father's side of the family are of Scot-Irish ancestry. We have traced their history back to the Virginia area as early as the 1700's. They migrated into Ohio in the 1840's.

Q: OK, well set's talk about the Ohio Fords. Your grandparents, or great grandparents, what do you know about them?

FORD: Well what I know about my grandfather and the great grandparents is that they worked as carpenters and handymen.

Q: Were they from Dayton or were they sort of elsewhere a small town?

FORD: They lived in a small town called Cedarville, Ohio, which is between Dayton and Columbus in the southwestern part of the state.

Q: Is there sort of an old family homestead or not?

FORD: Not really. My father was around 15 years younger than his sisters and his mother died when he was 17. By the time I was born my grandfather was quite elderly. He lived by himself in a small, modest home in Cedarville.

Q: What was your grandfather doing on the Ford side?

FORD: He worked for himself as a builder and handyman.

Q: And your father?

FORD: My father was a Marine in WWII and after the war married my mother and moved to Dayton because that is where she lived in an inner suburb to the south called Oakwood. They both worked for the National Cash Register Corporation (NCR). She left

work after marriage to focus on managing the home and raising a family. He was first an assembly worker and eventually was promoted into an entry level management position.

Q: Had he graduated from college?

FORD: No. I am the first one in the immediate family who went to college.

Q: I am still as I am doing these interviews I am still talking to a generation where probably the majority of parents were not college graduates. Mine weren't college graduates. I am sure it is changing now as we move on.

FORD: Yes, after WWII much emphasis was placed on higher education for returning veterans but many were not able or chose not to take advantage.

Q: Well let's talk about your mother's side. What do you know there?

FORD: My mother's side was of German ancestry. They came over from Germany in the 1840's and went to Cincinnati, Ohio. So my grandfather moved from Cincinnati to Dayton in the 1920's with his wife who also was from Cincinnati. He left the family farm to become a postal worker and a baseball player in the local industrial leagues of the time. My mother's sister went to college, leaving home to go to Ohio University in the eastern part of the state. So maybe that was the beginning of the tradition of going to college. My mother did not, nor did my father…

Q: How did your mother and father meet?

FORD: They met at the National Cash Register Company, NCR.

Q: Is Dayton the home of the NCR?

FORD: Well it was. The founder of the company, John Patterson, lived there. I say was located in Dayton because the factory has been closed for over 30 years. When I went away to college in Virginia in the late 1960's NCR employed 19,000 people in Dayton. NCR Headquarters, the worldwide headquarters, stayed in Dayton until 2009. I just read that Atlanta, Georgia has managed to lure them away. So I don't believe there is any NCR presence left in Dayton, Ohio. Very sad for the community as the cash register was invented there in the late 1800's. A big loss!

Q: Because NCR was a major American manufacturing company for centuries.

FORD: Perhaps if they had been more innovative like IBM they would have prospered in a different niche in the market, but yes, a pioneering technology company.

Q: Very much so. Well you grew up, did you grow up in Dayton?

FORD: Yes I grew up in the suburb of Oakwood where my mother and her family resided.

Q: OK, let's talk about growing up in Oakwood. What was it like?

FORD: Well growing up in the 1950's and 1960's in Oakwood was fantastic. Looking back at all the memories of the community and school, I must say that it still hasn't changed a lot even today. It is nicknamed the Dome as it appears frozen in the 1950's. I remember it as a place protected from the world with a traditional setting that you might look at on Leave It to Beaver or that kind of TV show from the period. It was an interesting community created by the founder of NCR, John Patterson. He adopted an approach that represented good corporate citizenship of the day. He planned the community to be a mix of executives and workers living together. So you had a very interesting community of 10,000 people of vastly different class backgrounds living together. On one side of our main street were the executive mansions and on the other side were the modest homes where lower- middle class working people lived. But we all went to school together. I had 128 students in my senior class. It was really an extraordinary experience. Oakwood High School had quite a reputation. It was like attending one of the country's best private schools. Both my parent's values and living in that privileged environment exposed me to incredible educational opportunities in a very tranquil, peaceful trouble free world at that time.

Q: OK, let's talk about your family. Where did the family fall politically would you say?

FORD: Well politically I think, no doubt: Southwestern Ohio Bob Taft Republicans. They preferred Bob Taft to Dwight Eisenhower in 1952 not unlike many of the voters from that part of Ohio. Limited government with most of it at the local level would sum it up.

Q: What about religion?

FORD: Protestant. I was brought up as a Methodist.

Q: OK, well let's take again through elementary school. Was it sort of a place where you were turned loose during the day at school and went out to play with the kids?

FORD: Well we walked to school and that included walking home for lunch as well. From 3:00 to 5:00 or 6:00 after school we played with our friends who lived in the neighborhood. It was a neighborhood where there were two or three blocks around the house that included many older people. We took care of their yards and shoveled their snow. With our friends we played games and rode our bikes to school.

Q: And the older people keeping an eye on the kids.

FORD: Yes. It was nice to experience that diversity of age and social experience all in one small block of houses.

Q: Was there any sort of ethnic mix would you say in the area or not?

FORD: No. There were many class issues, if you will, between those of us from working class and those that were rich, but we were an all white community. It was very Protestant with a few Roman Catholics. Dayton was a larger city and much more diversified.

Q: Did you have brothers or sisters?

FORD: A brother, who is four years younger.

Q: Were you much of a reader?

FORD: Yes, I read continuously. My mother was particularly into reading and exposed us to that at a very early age. I gravitated to English literature and United States and world history.

Q: Do you recall as a young kid any particular books?

FORD: Yes, in fact my sixth grade teacher read to us during a period of half an hour in the morning. I particularly remember to this day her reading Marco Polo to us. I don't know which version of Marco Polo it was. For me I just remember how exciting it was listening to that story as it began to open our minds to the broader outside world. We traveled a lot as a family in the U.S. so I think the travel bug was always with me.

Q: Where did you go?

FORD: Well we made it to 44 of the 50 states. NCR at that time shut down for three weeks every August, so we drove for three weeks every August all over the country and saw as much as we could. We started out when my brother and I were younger traveling to Canada and then to the beaches of Delaware and Florida. As we reached the teenage years our travel turned to the West and particularly the Rocky Mountains and desert South West. Traveling by car was something my father enjoyed doing and it was also common in the 1950's with cars and new interstate highways making travel easier.

Q: Oh yeah, it was a great time. Was the big city Dayton?

FORD: The big city was Dayton with much of my mom's family also in Cincinnati, so we would go down to see the Reds play baseball. I am old enough that my football team was the Cleveland Browns, as the Cincinnati Bengals did not yet exist. They were a very good team when I was growing up. So Cleveland was my football team and we would go down to Cincinnati to see the Reds, or to the opera which was held at the Zoo during the summer months. That was only an hour and a half away.

Q: Did you develop any particular interests either in reading or music or sports?

FORD: I played sports. I played football until ninth grade in high school when I realized I wasn't going to be physically strong enough to excel at football. I played baseball a lot and it remains my favorite sport. If I really committed to one activity, however, it was debate and public speaking. I joined the National Forensic League. A different kind of NFL! It was a wide range of activities where you would go every Saturday from October until March to different public speaking competitions. I was a debater, but I also did extemporaneous speaking. There were other forms of interpretative speaking and original composition. Here is where you act out a part from a play. I was active in the extemporaneous speaking and as a member of the varsity debate team. So I really got into that and competed for four years in high school.

Q: I am interviewing Molly Livingston who ended up sort of number one in California in debate in high school and all.

FORD: Yes, that must have been the same, as the NFL was a national federation of state high schools. I wouldn't claim number one in Ohio, but we got to the state tournament every year and we always were in the quarter finals or semi finals.

Q: What was it that intrigued you about debate?

FORD: Well it was the discussion of ideas that were representative of the public policy debates in our national politics of the time. I remember the 1960 presidential campaign.

Q: Kennedy versus Nixon.

FORD: Yes, I was 10 years old. I have always been drawn to that kind of discussion and of the ability to understand both sides of the argument. In debate you were the affirmative one time and then you switched to take the negative position the next, so very quickly you were able to understand both sides of an issue. I remember a few years ago when I was storing away some old debate notes from my mom's home because she was moving into a nursing home. The debating cards argued for and against the idea that we should have national health care. This was in 1963. I think we are still having that debate today!

Q: For somebody reading this later on, right now in 2009 national health care is probably the number one issue and it is not resolved yet.

FORD: Yes, we passionately discussed this issue in high school debating tournaments in 1963, a year before the Great Society and Medicare programs were passed into law, representing what could be agreed to at that time. I believe for me it was the idea of the debate and the ability to understand all sides of an issue and being capable of arguing all sides that led me to dedicate myself to debate and public speaking throughout my high school years.

Q: Did the outside world intrude much, particularly this time. I assume you were in the classic duck and cover if a nuclear weapon went off.

FORD: Under the desk. That obviously wouldn't have done too much good when you came to understand what you were hiding from. Yes we did the classic drills. Oh yes, polio was around in the 1950's. Summers were scary as the cases grew as did the number of deaths. The recent swine flu outbreak reminded me of the handling of the polio scare until the vaccine came out. Also, there was clearly the nuclear threat and concern about eating snow because of radioactivity in the snow. I remember hearing those things at least on the news. The Cuban Missile Crisis, I was only 11 years old but everybody around the kitchen table at some point was concerned that we were going to get into a nuclear war. That is in the very early part of my memory.

Q: When you went to high school was it again in Oakwood?

FORD: Yes. We just sold in 2004 the house I was born in 52 years before. My family traveled a lot but never moved from Oakwood.

Q: How big was your class?

FORD: 128. Eight of our class members were exchange students. A remarkable number when you realize how small our class was. New Zealand, Spain, Brazil. I think it speaks to the nature of the community where I lived.

Q: Was it because of NCR?

FORD: Well NCR and again Oakwood, the town that the company had organized and built, worked hard to overcome differences of class by putting everyone in the same small public school. Not everybody who worked at NCR lived in Oakwood. The organizing principle was to build a community where the wealthy and the working class could live together and their children would all have the same opportunity in education as a way to level the playing field and reduce class conflict. Dayton was the location for many world-class, headquartered companies, such as the Mead Corporation, Reynolds and Reynolds and General Motors. They have all left Dayton now which is a great tragedy. As a group they were interested in world affairs. The American Field Service (AFS) had an active program at Oakwood and at other area high schools. I thought it was interesting in a senior class of only 128 in a community with a population of 10,000 to have students from New Zealand, Brazil, and Europe. In fact, two of the eight came back to visit for our 40th reunion in 2008. We all remained connected to our 1968 graduating class.

Q: Well did you feel the class difference?

FORD: Yes. I think it was interesting having a mother who also had gone to Oakwood, and to have a grandfather who was a postal worker in a town where he delivered the mail to wealthy people who lived in large homes on the other side of the town's main street. I never let it bother me, and frankly I don't think the kids I was growing up with noticed it much, especially when we were younger. I only do think that it would be a problem if

you yourself were so sensitive to it that you let it interfere with your ability to acquire friends all over town. Friendships when you are young always seemed to be based on shared areas of interest, like sports, the national honor society, that kind of thing. So I think it was good. I just know my parents were more sensitive to their class standing then I was although I did become more aware of it in high school when our economic situation did not allow us to participate in some of the trips to ski or travel in more luxurious fashion.

Q: In coming from a fairly modest family, and going into a large house thinking gee this is a nice house. It is just where your friend lived.

FORD: And I think that as you get into high school your economic standing didn't allow you to participate in some group activities, things like going out to Vail to ski or some other activities as you might have done if your family had the resources… But nothing major. For me it was a blessing to grow up in such a rich environment where I was exposed to so many opportunities, opportunities that just weren't available in other communities.

Q: We were going through this civil rights movement in the 60's when you were in high school. Did that engage your interest?

FORD: Quite a bit. You know we already have talked about how isolated we were in terms of diversity. But the 1960's was really a wonderful time to grow up. Talk about social change! You had the civil rights movement, the Vietnam War, particularly in the latter half of the 1960's. I graduated from high school in 1968. From 1963, we had witnessed the assassinations of Martin Luther King, Bobby Kennedy, and John Kennedy; all that happened from eighth grade through high school in my case. It caused a lot of reflection at my all- white school where we were not segregated by any official policy but rather by wealth and housing values. We were forced to reflect on many social questions. I remember we reached out to the all black school across the river in Dayton and tried to do some things together. Looking back it was special to have youth debates among ourselves on these issues in fora sponsored by the Dayton Daily News and on the Phil Donahue Show which was taped originally in Dayton before moving to national syndication out of Chicago. So we weren't as segregated as the south was officially but we were just as segregated as the south had been in reality. So, yes it was a fascinating time to question all sorts of assumptions and core values that served to guide your community and area. I can recall some fierce debates at our dinner table over civil rights and the length of one's hair!

Q: So what were recreations? Movies, dating all that kind of thing?

FORD: Well during the high school year there was a natural cycle. Friday night football and then an after game party at the Young Men's Christian Organization (YMCA). We also would go to see a movie or go to a friend's house. Basketball season came after football and then the prom parties with the Junior class doing a Beachcomber's weekend in the late Spring. So our social routine was centered on the school calendar. If you

played sports you basically played all year and then August was a vacation month before football started the next cycle in September.

Q: Well high school football was pretty important wasn't it?

FORD: I told my children that if I have one regret bringing them up mainly overseas, it is that they never experienced Friday Night High School Football. You just miss so much of American life, at least where I grew up in Ohio, if you never experienced high school football in the autumn. I don't know if that is still the same or not. Maybe more in certain parts of the country, but in Ohio, and in a small school that never really did that well in football, Friday night the entire community all came out and watched the football game. I wouldn't be able to compare it with Texas or some other big football state, but Friday night football was a big part of the social life of our community.

Q: Do you recall some of the books you were reading by the time you got to high school?

FORD: I loved reading books. I was in Advanced Placement English classes, and I was exposed to a lot of English writers. My favorite American writers that I discovered during my senior year were Ernest Hemmingway, F. Scott Fitzgerald and Mark Twain. So, I just couldn't get enough of English literature courses. I took my college freshman year of English literature in my senior year in high school.

Q: While you were there, your parents weren't college graduates but it was the era when and continues to be where children from that group, usually the parents of that group were unusually well read by the way, even when they were not college graduates. They just read a lot. I know from my own parents and others of that time that they particularly read quite serious books.

FORD: A high school graduate of that era was probably equivalent to many of the college graduates of today. Quite articulate both verbally and in writing, particularly in letter writing. I have read my father's letters to his father from the Pacific where he served as a Marine in World War II. My father died while I was in college, and I was not aware of his letters until we moved my mother 30 years later into an assisted living facility. They were just incredible. The quality and emotions conveyed by letters from a 17 year old Marine in the Pacific a long way from Cedarville Ohio were just so moving. So you could see I think the quality of the education they had received.

Q: Did you get any stories from your father being a marine in the Pacific?

FORD: I think I would have if he had not died so young. I was 21 when he died, and so many people from that generation didn't talk much if at all about their experience in the war. I think their story has come out more now that they are older and near the end of their lives. I would ask about his experience in World War II but then this was in the middle of the Vietnam War and it was a real struggle to have that conversation given our differences over how to view that conflict. Also, my father was categorical when he heard people talking about World War II. He would always say quietly if you talk about the war

you just weren't there. I know my mom said that early in their marriage he would wake up with a lot of nightmares and had disease that would break out occasionally on his hands. I am sure he saw a lot and did some things he didn't want to remember. I believe that if he had lived to a nice old age he would maybe have been more able to share that experience, but he couldn't when I was young.

Q: What about you are getting ready to graduate in 1968.

FORD: Yes.1968. A tragic, wonderful year!

Q: The Vietnam war is on, the draft is hot and heavy. What were you aiming for?

FORD: That is a fascinating question. My father was a Marine who went off to the Pacific when he was only 17. Yet, despite that and perhaps because of the emphasis on college that was quite strong after World War II, there was never any doubt in his mind or my own that I was going to college after high school. Vietnam would wait until I had my degree. I was going to college, but it wasn't to get out of the war. That was hard to explain, at least in my family. Dad started saving for my college education the day I was born. He did the same for my brother Mark. I believe it was as if that generation came back and realized that they couldn't take advantage of the GI bill for themselves, but they would make sure that their children went to college. He realized that future economic growth and standards of living would go up for those who had more education. Something also tells me that in the back of his mind, he had seen war up close and perhaps that also played a role in his thinking. He never said a word to me about going to war and then come back to college. He was clear however that after college I would go off to war if it was still going on. He was troubled by the war. Yet the issue was simple: just go to college and get your deferment. It wasn't motivated by the need to avoid the service. To me that was interesting because people after I would get to college were talking about why they were there and some were there just to avoid the war. That never even crossed my mind or his. I never had to face the issue, until four years later I made up my mind that I would join the Navy if I had to at that point. But then the draft lottery came out. My number was 313, so I never had to face that choice.

Q: Where did you go to college?

FORD: I came to Virginia, to the College of William and Mary in Williamsburg, Virginia.

Q: Is that sort of going back to your roots?

FORD: Well no, at least that is not what motivated me to choose the school. I will just be quite candid about the search for a school. My parents organized this college tour. We had meetings and I interviewed with Princeton, Yale, Dartmouth, and Colgate. They would have had to make an extraordinary sacrifice to afford to pay the tuition for these schools. That would have been incredible. So I started looking around to find a university that might not have that national reputation but was as good in quality and for me that

was William and Mary. My parents were determined that I go to Yale. They would have been in debt for the rest of their lives. It made more sense to me to choose William and Mary. So I found a quality school that they could afford. I had a friend from Dayton who was given a basketball scholarship there, and we decided to room together freshman year.

Q: How did you find, what was your impression of William and Mary when you went to see it, because it is quite something. It is sitting in the middle between the…

FORD: Between the York and James Rivers and Yorktown and Jamestown around it. This was prior to the construction of the Busch Gardens amusement park. It was basically just Colonial Williamsburg. I really liked it. It was interesting to go from Southern Ohio to Williamsburg. It was still the era when freshmen had to wear a coat and tie and for the football games, you carried your coolers of booze into the stadium. It was the South, and so even though I am from Southern Ohio, it was like another planet getting used to some of the social traditions. William and Mary was a state school and approximately 70% of the student body was Virginian. Traditionally they flunked out about 50% of the freshman class so that the ratio of in-state/out-of-state evened out by sophomore year. It was fairly harsh. For those of us from out-of-state, it was quite a high bar to get accepted. I think it is still a school that is seen as a challenging academically.

Q: It is one of the pre eminent liberal arts schools in the country.

FORD: Very happy when they beat Virginia in football this year (2009).

Q: Well let's talk about when you got there in '68 what was happening? What was the campus spirit and all like?

FORD: Well the campus was just beginning to wake up to what was going on at other schools in the North and West. The war by 1968 was getting to be much more controversial. President Johnson decided not to run for re-election because of the war. Despite ever more heated debates over Vietnam, I recall that the big issue on campus was in loco parentis. Should the administration of the college be your legal guardian in lieu of your absentee parents? Should we have co-ed dorms? The movement to put the students in charge of their own lives and not the college administration in 1968 made it to a place like William and Mary which had been very conservative. We were mandated to wear coat and ties and beanies. We had beanies. The first week of our freshman year we had to follow any orders given to us by upperclassmen. I guess that might still go on somewhere today, but I hope not. They called it freshman indoctrination week but it was really just about hazing new students.

Q: I remember wearing a beanie. What about being a southern university, what about Virginia was a hard line state for some time and a little earlier as far as segregation. How did the school system look at it.

FORD: Well, yes that was a time of change. When you look at the student body population, over half of us came from New York, New Jersey, and Ohio. It was an

interesting integration of different values and different traditions when mixed with the other students from Virginia. There were some very lively discussions about race and about the university's policy towards admissions. I think the entire African-American student body was on the football team. It was a time of great social ferment. Drugs came on campus in a big way in the late 1960's. I remember it was a school very heavily oriented toward Greek social fraternity life, I think largely because Williamsburg was such an isolated place. Students weren't allowed to have a car until senior year. So for most of the academic year you lived in a one square mile area. That was where you lived until you went home for a holiday. So that produced a lot of interest in fraternities and sororities because that is where you organized your activity on the weekends. That social life was impacted negatively by divisions over the use of marijuana and other drugs that started arriving on campus.

Q: Did you join a fraternity?

FORD: Yes, I joined Sigma Chi and served as President my senior year.

Q: Did you find was there a fairly heavy dose of Southern gentility, I don't know if that is the right term, between the sororities and…

FORD: There were different traditions due to the nature of the school with half being from out of state. There were some fraternities or sororities that were more southern. Kappa Alpha was a very southern fraternity. The Tri Delts were a very southern sorority. So some of that tradition would impact the groupings people would join. The football tradition, at least that freshman year, was very Southern. You were legally not allowed to drink hard liquor until 21. At 18 you could buy wine and beer in those days, but all of us would carry coolers with hard liquor and the police didn't care as long as the drinks were hidden in the cooler. So it was the hypocrisy of it all. You couldn't buy a drink in a restaurant, but everybody was expected to bring a drink to the stadium. As long as it was covered, law enforcement didn't ask what was in the cooler or the brown bag. It was interesting to see how fast social change changed swept through our campus and campuses across the country.

Q: Ok we have talked about some of the social side and say the minor side, but the academic side of college life, what particularly turned you on?

FORD: Well it was interesting for me as when I arrived on campus I suddenly had a desire to leave behind much of what I had been interested in academically in high school and just explore new areas. Maybe that is what I also had expected from the college experience, a chance to experiment and grow away from home. I didn't want to do debate even though the school wanted me to do join the debate team. I did some communication work at the local television and radio station. It was a great time to be more reflective and try out some new interests. I settled on economics, and obtained my B.A. in economics. I became involved with some volunteer projects and student groups that visited Richmond and Washington to discuss economic and political issues. I continued to be interested in politics.

Q: Well when you talk about economics, economics has several stages. What was economics like? Was it Samuelson?

FORD: Yes it was. At William and Mary because I was drawn to Economics as I was able to select it as a Major without focusing heavily on the quantitative theory. Political economy was my passion, who received benefits and who paid the costs. We used the classic Samuelson textbook. I became able to understand the literature, but did not want to specialize in research but rather applied economics.

Q: What besides economics were you, particularly were you looking at the outside world?

FORD: I chose economics largely because it satisfied my intellectual curiosity and also my pragmatic interest in future employment. My father understood my interest in literature and creative writing and history, but always made sure I understood his view that one couldn't earn a living that way. I did take as many English and history courses as possible. I continued to study my Spanish. Between high school and college I actually went to Spain as a summer abroad student. I forgot to mention this and it was perhaps the experience that had the most to do with shaping my future life. After graduating from high school in June 1968 I went to Spain with the Experiment in International Living and lived with a Spanish family for six weeks. Today this group is better known as World Learning. It is something that came out of a Junior Council on World Affairs (JCOWA) program in high school in which I participated. Then I won a competition in Dayton. A local corporation sponsored a scholarship each year for what they called Junior Ambassador Abroad. So I won that competition from among about ten finalists from high schools and was Dayton's Junior Ambassador abroad.

Q: Now we sidestep.

FORD: We had a foreign language requirement at Oakwood. Fourth grade is where we chose a language to learn. The language of the day was French, but they offered French and Spanish. So I started in fourth grade with French and found it was so hard. So I told my mother that I found Spanish easier, so I switched to Spanish. I took six years of Spanish. The teacher I had for Spanish in high school was from Kentucky with wonderful Spanish yet spoken with a Kentucky twang. But she was very good and she would study every summer in Spain. So we learned Castilian Spanish. Because of her I chose to go to Spain on my exchange. There was never any thought of Latin America. I don't think Latin America was in any part of my consciousness except for a brief part of our history program that talked about Bolivar or the war with Mexico. That was about all I had learned about Latin America. So I was in Spain. Then I went to William and Mary.

Q: Where in Spain did you go?

FORD: I lived with a family with four children and we have remained in touch and visited often over these 40 years. Murcia is the province, and the little town is called Caravaca de la Cruz.

Q: Well what was your impression of Spain at the time you were there?

FORD: This was my second plane trip. My first was to Washington D.C. for a senior program in high school, so flying to Paris and then traveling by train down to Spain in 1968 was a very wonderful experience but I recall feeling as if I was in an outer body experience given all the new sights and sounds. The language, after all these years of study, I had no idea what they were saying. The good news is I could read and I could write. Now I had never really spoken it. My Spanish family and friends had never seen anybody except for one British person, so I was the second stranger from outside of Spain. The rest of the group they put in the provincial capital city of Murcia which has a population of about a quarter of a million people. They needed one more family, so they said we will put the Ohio kid in the small rural village of Caravaca because he is from Ohio. So I got to live in the small town, which was actually a big advantage because I was going to have to figure out how to communicate or be very lonely. So I would say after six weeks I had just a huge, quality experience in the language and cross-cultural living in Spain. That set the foundation for the rest of my life. It actually opened my interest in the culture, because I love the Spanish and Latin American culture. It was all such an alien thing given where I came from, a non drinking Methodist household in the Midwest of the United States. I returned to Ohio smoking cigarettes and drinking wine. I am not sure what my parents thought of this trip, but I tried to explain to them that I was smoking and drinking because I needed something to do with my hands as I couldn't speak Spanish, so I might as well smoke. I don't smoke now, but because of my summer in Spain, I did smoke for a few years. That summer in Spain was just such a great time in my life and sent me off to college in a very different way than if I had gone directly from high school and not gone to Spain. The summer living in Spain opened the door and started me down the path that shaped the rest of my life. After going to Spain, I realized that I couldn't come back and become a real estate lawyer in Ohio.

Q: As you were taking the course and as you mentioned to your family it's economics is more practical than history, at least that has something to do with money.

FORD: Exactly what he said.

Q: Were you looking at anything to do?

FORD: No. I didn't go to a job interview in college. It might have been me; it might have been the time. It was such a time of great optimism. I had a sense there was always a job waiting for me. My father died mid-way through my junior year of college, and I am sure that that also had something to do with how I was feeling. I also had been in the first draft lottery and my number was 313. They weren't taking anyone higher than 90 so I didn't need to enter the military and possibly go to Vietnam. After graduation, I returned to spend the summer in Ohio and to make sure mom was OK. I helped her find a job at the

board of education where she worked for the next 20 years. I then went back to Spain in the fall of 1972, spending about nine months first living with my Spanish family and then working (I am sure illegally) in Caravaca. I translated letters at a fruit company. I also taught English to a few students. There were a lot of people who wanted to learn English, so I started to learn how to become an English teacher. I coached a local basketball team. Then I came back with the intention to go to law school. The company that gave me the Junior Ambassador Award in 1968 offered me a job for nine months in Puerto Rico. So I went to Puerto Rico.

Q: You were in Spain for what, a year?

FORD: No, August of '72 until February of '73. Then I came home for a month and found this temporary job with this company in Puerto Rico.

Q: But you went to Spain.

FORD: Correct. This was my second trip.

Q: Franco was still in there.

FORD: Yes.

Q: What was your impression as high school students, you probably didn't feel it as much, but were you more politically aware?

FORD: I was aware of Franco. I was aware of the Spanish Civil War. I liked Hemingway and he wrote a lot about the Spanish Civil War. So I was aware of Franco and some degree had an awareness of Spanish politics. It was interesting that many people did not want to talk a lot about it. I suspect that was because of the strong presence of the domestic police, the Guardia Civil. I noticed when I didn't go to work one day the Guardia Civil came to the house and asked if I was ok. So obviously it was the kind of system that people were watching strangers to the town. Then the basketball team that I coached was actually called the Franco Youth team. But I did talk to the father of my Spanish family about what was going to happen after Franco more than about Franco himself. The question on people's mind was that given his age, he was going to die, and Prince Juan Carlos wasn't very impressive to many people. So it was much more of a worry about what was going to happen next than what was happening at the present time. I think most people were not feeling that oppressed, wanted change and then weren't sure what kind of change was going to come.

Q: Did you know the Spaniards you were reading at all, were they talking about the United States, about NATO, about the Soviet Union and all?

FORD: Not then. They would blame the United States, if they didn't like Franco, the United States would take a significant brunt of the blame. I am not saying it is right or wrong, but it was their view that somehow when we signed the base agreements in the

1950's we helped sustain the Franco government. To the extent there was a U.S. view about politics you always found the people very much connected to, not in this small town but when in Madrid or elsewhere the connection to the States for older Spaniards related to Cuba and the Spanish American War and all that, and then the younger people who felt that when we made the military arrangements with Franco in '53 or '54 that that was going to keep him in power, whereas if we hadn't supported him he may have remained isolated and might have been eventually deposed.

Q: Did you have any feel for the role of the Church?

FORD: Oh yes, the Catholic Church was a very powerful presence in the community. A lot of education and social life revolved around the church. You could begin to get a sense that there was change in the air among the youth as often happens. You walk around, and again I am talking about small town Spain, everyone knows the parish priests who were very important features of the community. They had relationships with the families.

Q: Was this a problem for you as a Protestant dating the young ladies and all?

FORD: Well no. It was interesting, as a Protestant, my father and my grandfather actually were Free Masons; and it was worse to be Masonic than a Protestant. I am actually Catholic now; I converted in middle age. But at that time it was more of a curiosity among my Spanish friends as to what was a Protestant. There was a lot of curiosity in general about me as they had not seen an American before and in those days we dressed very differently and physically I was much taller than the average Spanish man. Today you can be in Europe and we would have similar clothes, but in the late 60's, I had this narrow tie and sport coat, and I was about half a foot taller than anybody in town. I soon realized they were waiting for me to pull my coat back and draw my gun or something. So there was just a lot of curiosity about who is this American. I got a warm welcome that allowed me to try to explain my culture and who I am while also allowing me to learn from them as well.

Q: Then after two years you came back to the States.

FORD: No I went to Spain then I went to Puerto Rico, and that is where I met my wife; we were married in Puerto Rico.

Q: Is this before you got a law degree?

FORD: I never got the law degree. I stayed on in Puerto Rico.

Q: How long were you in Puerto Rico?

FORD: I was in Puerto Rico for a year, until the end of '73.

Q: What were you doing?

FORD: I was working for Hobart Manufacturing Company that sponsored the exchange program to Spain in 1968. When I came back to Ohio in early 1973, I talked to the Chairman of the company and explained that I would like to work for them in Latin America if possible while I applied to law school. I applied to several. I applied to them out of Spain and when I went back to see the Spanish family several years later there were my acceptance letters and my rejection letters; they never forwarded them to me! But anyway, by the time they were getting them I had lost interest in going to law school. I accepted an offer from Hobart Manufacturing to work in their sales office in San Juan, Puerto Rico. Hobart Manufacturing makes a range of industrial food equipment for restaurants or food processors. So I moved to Puerto Rico, and in about a month that is where I met my future wife. I lost interest in law school and decided to switch gears and get a Masters degree at George Washington University in Latin American Studies.

Q: What is the background of your wife?

FORD: She was born in Camden, New Jersey of Puerto Rican parents. She is first generation American, in the sense of being born on the mainland. Puerto Ricans are all American citizens and have American passports. Her father died when she was eight, and the family moved to Puerto Rico when she was 16. So her background is Puerto Rican; Her father's background is French Basque. Her mother's family is from the Canary Islands of Spain.

Q: Well did you get any feel for Puerto Rico and political movements there.

FORD: Yes. I remember my first party at the University of Puerto Rico which was a hotbed of independentistas. It was fun and challenging to attend as a Gringo. I think the professor had a crush on my future wife who I was dating at the time.

I should mention two relevant points that came out of my college experience. One of my fraternity brothers, Doug Hartwick, went on to become Ambassador to Laos. His father served as Consul General in Bilbao, Spain when we were in college. That was my first awareness of the United States Foreign Service. There was another Puerto Rican student in my Sigma Chi fraternity. My knowledge of Puerto Rico, its culture, food and history came from him. Otherwise, I would not have been aware of Puerto Rico at all. So returning to the party, I had a sense of the political argument over their current status and the debate as to whether they wanted to be a state of the United States or did they want to be free. Many wanted to maintain their current status which is a middle option of a Free Associated State. I took this limited knowledge with my passion for history to Puerto Rico and then deepened my knowledge through experience and debate. As you can see from my approach to Spain and Puerto Rico, I was very open and curious and willing to wander into new cultures and experiences rather than probe them gradually. I intend to try to maintain this approach to life even now as I enter my retirement years.

Q: What did you think about the independence movement and the people you have touched. I think it is all very nice. Most Americans who aren't committed say hell if you want to be independent, be independent.

FORD: Myself, if I was Puerto Rican and lived on the island or was just Puerto Rican, I would opt to stay with the current status, which is the Estado Libre Asociado (Free Associated State). In my heart I would want to be independent but the current status offers a very pragmatic benefit of US citizenship and access to the United States market plus allows for political dialogue to devolve as much power as possible to the island. It is remarkable after 400 years how the culture and the language are as preserved as they are given the overwhelming presence of our culture in their daily lives. A significant part of the population goes back and forth to live between the U.S. and Puerto Rico. They preserve so much of that culture that you could see where they would want to be independent. The practical piece is being part of the broader United States market place, being able to move back and forth as U.S. citizens. Being able to participate in that market has given them a level of income and a standard of living that is the envy of most Latin Americans. So President Franklin Roosevelt and the great Puerto Rican leader Luis Munoz Marin developed an excellent political compromise where they are represented by the U.S. internationally but they have significant self government on the island. I know there has been a huge movement in recent decades on behalf of statehood. I believe this is motivated by the desire to obtain more money from federal programs more than from a genuine desire to become a state. Puerto Ricans have a huge pride in their culture, their language, and their history; they just don't see themselves in my view as part of the United States.

Q: Well did you find at the University being argued to a lot?

FORD: No it wasn't so much. She was studying there. I went to the party, but it was interesting dating her because dating in that culture meant spending a lot of time on Sundays with the family. So I quickly observed that there was a very tiny statehood party element within the family. Most of the other side of the family were either independentistas or for the Estado Libre. For me, I didn't have any arguments as to what they should do but it was a great chance to hear their discussions and hear where they were going to come out as a Puerto Rican family.

Q: So this was about '74 was it?

FORD: We were married in December 1973 and moved to Washington D.C. in January 1974 to begin graduate work at George Washington University (GW).

Q: What were you studying?

FORD: Latin American studies. Not recommended. There were two reasons not to be recommended. It was seen at the time as more of a literature, history, liberal arts degree. My own degree components were economic development, business and politics. Not that I don't love reading Spanish literature, but I was looking for a degree where I could

combine economics and politics with an international business angle. So GW was my choice because it was in Washington. I felt I would have access to Georgetown, American and the international institutions located in Washington. I was able to find this because my grandfather belonged to the High Twelve Masonic club and they offered me a full scholarship plus a monthly stipend of $100. The program was called Wolcott Scholars and still funds several scholarships a year at GW.

Q: How did you find George Washington University? One of the great advantages is it sort of serves as the graduate school for the U.S. government sort of unofficially. It is a place so many people in the government go to get their masters.

FORD: My courses were at night. My wife worked first at GW and then TRW and then eventually settled into a nice career with Eastern Air Lines. I found it such a change from my William and Mary experience and the Williamsburg campus. I studied at night in a urban setting. I initially didn't do anything the first year other than study. I drove or took the bus to Alexandria where we had an apartment in a building with some of my William and Mary fraternity brothers. However, I did find what I was looking for at GW, and that was an interesting network of classmates. One of my classmates was a relatively senior official at USAID. That is how I got my first job. He was in one of the classes taught by a world renowned expert on rural development who worked with the Inter-American Development Bank. So this was the enormous benefit of studying and working in Washington. You didn't have though as much of a sense of community. I am trying to stay in touch with the GW Elliott School of Public and International Affairs now that I am retiring to assist on their alumni effort with current students. I always thought that GW could have had a more effective alumni network. During '74, '75, '76 there were difficult economic times in the country. I would say ok, where is the job? The optimism of the 1960's was gone. The oil crisis and all the fallout of the Vietnam War and Great Society were coming home to roost in the 70's. That said, I enjoyed the town; I enjoyed the professors. I enjoyed my classmates and we all networked.

Q: Did you find yourself at all engaged either intellectually or in practical terms with political movements in Washington?

FORD: I would say no at that point. I did find it interesting by the summer of '74 I was selected for an internship at the Inter-American Foundation (IAF). The IAF had just been created a few years before. So from '74 to '75 I spent my days working there as an intern and attended classes at night. My internship exposed me to a whole new approach to development that I really found appealing and that was grass-roots, community driven development projects. I focused my support work on projects in Venezuela and Peru.

Q: Did you have any friends in the Foreign Service, You know sort of the international workers?

FORD: No. My fraternity brother, Doug Hartwick who I mentioned earlier was the only person I knew in the Foreign Service.

Q: Where is he now?

FORD: Well he is in the area. I haven't looked him up since I came back from Honduras. So the Foreign Service was the last thing on my mind in '75. I was really looking into development work and wanted to keep going with Spanish. Frankly Spain looked very limited in terms of employment opportunities, but I had the Puerto Rican experience to think about. So the Inter-American Foundation lead me to the Inter-American Development Bank where one of my classmates who ran a major AID program for Latin America needed to fund an entry level graduate student for a consultancy in agriculture. It was a very convoluted arrangement. AID selected the person but the Agriculture Department paid them. I was selected and assigned to work with a team in the President of the Inter American Development Bank's office from '75 to '78. This became my first professional experience out of graduate school.

Q: So what were you doing?

FORD: This IDB project unit was the result of the 1974 Rome Food conference. In 1974 there was a big conference on food aid and the world food crisis that the UN Food and Agriculture Organization (FAO) organized. The Inter American Development Bank (IDB) agreed to form a high level working group that they would coordinate with AID, the OAS agencies and the Institute for Inter American Agriculture Cooperation (IICA). I became part of that secretariat. My particular work involved Guatemala, Honduras, Costa Rica in '75-'76 and an assessment of post harvest food losses. These are the issues where there were problems in preserving the food from the farm to the table. There was a particular focus on post-harvest food losses. I was a young professional economist who evaluated these projects. That is where the bank decided to focus, on helping the poor countries of Central America deal with some of their agricultural losses.

Q: What were the problems? During the cold war and I suspect that today it has been brought home that approximately a third of the Soviet Union, Russia's agricultural product is destroyed by rats or rot or something.

FORD: That is very similar to what is still going on.

Q: Yeah but what is happening in Central America?

FORD: There had been a lot of work done in Central America and elsewhere on the efficiencies and yields for crops. So when dealing with basic grains in the mid-1970's, you were looking to help the farmers grow more with less. But nobody was focusing on what was happening after the small farmers harvested their crops. How could they store the crop safely so that over time they could get the benefit of the marketplace gains rather than having to sell it when the price was the lowest. We were trying to help the farmer and cooperatives have more say over price, so it wasn't the intermediary service provider who would have the most gain. So the issue was smoothing out that part of the food chain. It was a wonderful experience to have had at that very early stage of my career. Antonio Ortiz Mena was then the president of the bank. We were running this unit from

the President's office. My director was a Mexican colleague of the President's, Julian Rodriquez Adame, who started out in the Mexican government in the late 20's. He was now in his late '70s. In addition to leading the effort at the senior executive level, he also was like a grandfather figure to his team. We kind of sat at his knee while he spoke to us about the early years of the Mexican Revolution. I did that for three years. It had a huge professional and personal impact. It first introduced me to Honduras, Guatemala and Central America, countries which I grew to love deeply. I took my wife on a vacation afterwards with my mother-in-law to Guatemala in 1978. We just love Central America. Ironically, my work also convinced me that I didn't want to make a living in the world of development.

Q: When you talk about the development world you mean…

FORD: I used to tell my friends at AID and others that our work is far too important to make a career in it. So I just found myself frustrated with the bureaucracies at AID and other official development institutions. This isn't meant to be as critical as it sounds. For me it wasn't going to be satisfying to observe real problems and develop pragmatic, real solutions and yet then watch bureaucratic structures impede progress. I really liked the Inter American Foundation because it was a bottom up approach to development, empowering people and communities to tackle their problems. You are really talking to the community about their projects. I just became frustrated that banks needed projects of such a size and scale that we could not in my mind provide those kinds of solutions that favored individuals. I don't want that to sound as critical as I just said it, but for me I had to make a career decision soon because the compensation at the bank with all of its benefits was quite lucrative. Either I was going to stay and convert into the Inter American Bank and have that lifestyle or I would venture on and continue my journey to find out what would intrigue me more. For me the decision was to move on from doing that work in Central America and having the opportunity to talk to personalities like Raphael Leonardo Callejas, the Honduran Minister of Agriculture, who became the president of Honduras in the late 1980's and happened to lose his U.S. visa for acts of official corruption during the time when I was Ambassador to Honduras in 2006. Very early in my career, I was privileged to talk to a whole network of senior public officials and private experts about bigger things than the projects I was working on. You have the politics of the time, the economics of the time. I reached the conclusion that I needed to move on to where I believed the world was heading. I left the IDB/AID and moved into the world of private trade and investment and the era of globalization. I wanted to get more involved with the business side of international affairs rather than stay with the official economic development assistance organizations. I could see the world changing. It was very early in the liberalization and opening of the world economy. In the 1970's all of the countries in Latin America were receiving official development flows of capital and assistance. There were no private capital markets. My early experience at the IDB/AID led me to conclude that the greatest way forward for the most people to improve their standards of living was through trade and investment. So I moved into the private sector.

Q: Well did you feel that on the bank governmental side of development that there was sort of a rigid bureaucratic approach and structure?

FORD: It was just hard to deal with, let's say five campesino (peasant) communities, and to wire their storage together when that was far to small a scale to be of interest to the bank. That was so damn small that they couldn't do it. Then when we made it large enough to interest the banks, the projects never touched those five communities at the end of the pipeline.

Q: Was there any movement going on to now we have sort of the Ambassador's fund and then one that started in Bangladesh, you know getting small amounts of money down to the village store.

FORD: That is why I think you saw a movement to create the Inter American Foundation. I am drawing a blank here now, but there are other foundations like that across the world. Again this came in the early 70's and I think many of the people were ex-AID, and ex-Peace Corps that were realizing that these official programs well intentioned as they were, were just not as able to be reactive to people driven community based driven kinds of structures. We probably shouldn't compare these two, but I suspect that the military ran into this same issue when they did these programs in Iraq and Afghanistan. You hear about the Combat Commanders fund. They are looking at how to get something on the ground that is impactful, because the bureaucratic structures are so muscle bound that it is hard to hear an idea, respond to it and develop something that the community on the ground actually can use. By the time it gets back to them it is not what they asked for. So it is not a new problem but I suspect the struggle has continued to produce alternative approaches such as the Ambassador's Fund. It was a very effective tool for our cultural diplomacy programs in Honduras.

Q: Well then, you moved where then?

FORD: I was doing this from Washington. I was traveling a lot with the Inter American Development Bank and we were starting to have a family. That was becoming a little problematic when I would go away for two or three months at a time. I made this leap for personal as well as professional reasons. I wanted to get more involved with business. I was fortunate to find a job through the Washington Post classifieds! So this was the first position that I have ever obtained without a network to support my search. I was hired to be the Director for Investment Policy at the Motor Vehicle Manufacturers Association, an association of U.S. car and truck companies. The association doesn't exist today due to changes in the global economy. Their main office was in Detroit but they had a Washington office and that is where their international affairs office was located. The senior manager covered Japan and Canada as you might imagine, but they were looking for a manager to deal with industrialization issues that affect the automotive industry in the developing world. So I got that job. That meant liaising with the UN and working on trans- national corporation questions which were big issues in the 70's. I also covered particularly the Mexican automotive industry which was a key engine in Mexican industrial development. Mexico, Brazil, South Africa, and the Philippines, and Southeast

Asia were my geographic areas of coverage in the sense of following policy developments to see how U.S. industry interests could participate and grow. That was my effort to go from a pure development career to engagement with the private sector trade and investment piece. I found the opportunity for me was working in an industry sector, but I remained interested in the broader issues of how private capital and trade could be the engine to advance economic development within the right political governance system.

Q: You did this from when to when?

FORD: I did that from 1978 to 1982 when I was successful in competing for a position in the newly formed US & Foreign Commercial Service

Q: Well let's look at some of the things. Say you were looking at more of the developing world. In Mexico they were essentially sort of like Canada, building parts for American cars?

FORD: They had an import substitution program. This is what usually happens: the auto industry, U.S. or European, ships kits of cars and they are assembled in developing countries that don't have an industry. The countries that are doing this will eventually look for ways they can begin substituting some of those parts so that rather than bring that kit in, you can make this or that there in Mexico. The big part you are trying to make is the engine because that is high value. So countries usually have tried to get at this if they can by working with companies, and if that doesn't go well then the country will mandate that you manufacture 40% of your car be made in country. Now you can figure out what the 40% is or we can tell you. So that was the conversation that was going on in the 70's with Mexico. The U.S. and Canada actually had an automotive agreement from 1964 when they worked out how the U.S. and Canadian auto industries integrated in the interests of both countries. We were hopeful, we the association, that we could interest Mexico and Canada and the U.S. into a broader North American agreement. The UAW was suspicious of that idea because they thought because of cost differentials the U.S. just might be transferring more of our production to Mexico and out of the U.S. The UAW is organized in Canada, so you have two highly developed countries and one underdeveloped country. What would that mean? Back in the period of '79 to '89 there was a lot of ferment on Capitol Hill, and a lot had to do with potential trade conflicts with Mexico. How remarkable then that only 14 years later, in 1994, all three countries had negotiated NAFTA! We had agreed not only to do automobiles and trucks but to create a free market for almost all goods and services. But I think the automotive discussion of that day was the genesis for the broader industrial integration with Mexico that turned into the North American Free Trade Agreement. It was built off of the U.S. -Canadian. Automotive Pact.

Q: Well what were you doing? Were you traveling down?

FORD: Exactly. I traveled a lot to Detroit because that is where company headquarters were located. I also traveled a lot to New York, where I covered the United Nations. In

the 70's you might remember Senator Church and others in the U.S. Congress were looking at trans- national corporations and attempting to judge whether they were good or bad or how best to regulate them. Where they a plus or a minus for the US national interest? Globalization was just beginning. It was fascinating to cover that angle in New York.

Q: What about Brazil? What was going on in Brazil?

FORD: Brazil had a strong industry. Brazil and Argentina were interesting because Argentina had a well developed industry yet Brazil had a far larger market. Companies would have liked to have seen Argentina and Brazil do more integrating among themselves for it is an industry like so many of the earlier stronger manufacturing industries with great economies of scale. Volume was important. I know the issues we had with Brazil involved where they wanted to go with industrial policy, and we were trying to persuade them to think about some other markets too, so that our investment in vehicle engines in Brazil could be more cost effective because the Argentines were buying them too. I think they have done more of that since I left but I can't speak directly to that. So Brazil was the big enchilada in that part of the world. It seems now to be carrying more of its weight. You always talked about the potential of Brazil; it seems now that Brazil is starting to fulfill that potential on a global scale. As a footnote, at this time Mr. Lula was President of the Brazilian autoworkers. Twenty years later he of course was President of Brazil.

Q: Well you are going to Detroit. This is during the late 70's early 80's.

FORD: They were fighting desperately to compete with Japanese car manufacturers at the time.

Q: Were you feeling an unease or an unreality as far as sort of Detroit as what was happening?

FORD: That is a great point. Detroit is hard to talk about monolithically for me. I have nothing to do with the family, the Ford family or anything. If I did I wouldn't have done anything like I am now doing! But Ford Motor Company in my view was always the more global company, the more integrated globally. You had people at Ford who had grown up in their European operations or their Latin American operations. They had a personnel structure that the best and brightest, regardless of nationality, got to senior management. I forget the name of the gentleman from Australia who was chairman a few years ago. GM was the more home grown; if it isn't made here it is not for us. You can see the industry struggling with that. There was a genuine disagreement between GM and Ford at the time as to what was the nature of the Japanese threat. It was Ford that decided to go after the Japanese with a section 201 trade complaint, which was a complaint about unfair practices that caused serious harm. But General Motors did not see it that way. I think maybe to your broader point there is the sense that the American industry and its workers were seemingly unable to respond to the challenge that was coming from Japan. I think that the auto industry knew at the time that the strategic rules of the game had

changed and that growth would take place in Japan more than in the U.S. Japan was the predecessor to the Chinese experience where you will make things and we will buy them and the exchange rates and the like will accommodate your making them and us buying them and in return you will purchase our debt. For me it was an opportunity to witness a deepening of what had begun in the 60's where manufacturing was facing some really tough challenges in Ohio, in Michigan, in Indiana. So trade and globalization is a complicated topic in the Midwest.

Q: Well were you sort of reporting on this business seeing that things in the United States were getting out of kilter or not?

FORD: Not so much, I think that the reporting we would do in the association as opposed to maybe what would have been done if you were in the Foreign Service was clearly trying to make the case in Washington that we needed some help. That this wasn't about bailouts but this was about trade remedies. At the time the requests made were on trade remedies. Most of my office was really trying to work with the National Highway Traffic and Safety Administration on a whole range of safety and environmental rules that were coming out and to see how they helped or hurt the competitiveness of the U.S. industry. The biggest struggle or conflicts were between the industry and domestic regulators. The substance I worked on was to advocate for the right trade policy for the United States to provide both gains to consumers but also to sustain a competitive domestic industry.

Q: Also the Japanese weren't playing fair either.

FORD: There was a hefty dose of that as well. It was a wonderful, exciting five years, almost a full five years. While I made wonderful friends within the Association and among member company staff, I wasn't going to have much room to advance. And at the same time I must say that in my cluster of international business affairs responsibilities we were working a lot with the broader business community on the Tokyo trade liberalization negotiation. So with the conclusion of the Tokyo round, you had fundamentally six rounds of trade liberalization after WWII, with the Kennedy round completed in the 1960's. Tokyo moved the process a lot further than just tariffs and started to create agreements on procurements, standards, on a range of areas that provided the new global rules for trade. U.S. industry, the Chamber of Commerce and others began to argue that if we are going to sell this deal to the American people we are going to need a stronger diplomatic effort than in the past. We need a diplomatic corps dedicated just to advocacy for U.S. business interests. The State Department had a different mission and would never be able to prioritize commercial diplomacy. So it was in 1979 that President Carter moved the commercial service from the State Department to the Commerce Department. The idea was to beef up the Foreign Commercial Service (FCS) as a direct part of the effort in the Tokyo round to establish new rules that would be fairer for US business. If you are going to do that you are going to need to have an aggressive staff at the embassy to make sure that those host governments that sign these agreements monitor them and comply. And so that new Foreign Commercial Service being transferred to Commerce occurred at a moment when I was not seeing a lot of potential future growth at the trade association. I had a friend who asked if I had looked at the Commerce

Department's hiring of Foreign Service officers. So I applied to become a commissioned officer and went through the second assessment in 1981. Some State officers who were economic or commercial officers were given the choice to transfer or not. At least they had a choice for a limited period of time and then Commerce turned outside to fill the remainder of the positions through a competitive examination process sanctioned by the Board of Examiners of the Foreign Service. Many State officers for reasons I understood stayed at State because they had a fuller range of opportunities there, or they just didn't know what was going to happen at Commerce. So I was in the second assessment class in November of '81. I was offered a job in late spring and came over to Commerce in November 1982.

Q: OK, so you were 1982 until now.

FORD: Exactly. Yes.

Q: All right, well let's talk about the Foreign Commercial Service in '82. How were you inducted?

FORD: I wrote an article on the history of the Foreign Commercial Service at 25 for the 2005 for the April edition of the Foreign Service Journal. We used to be at the Commerce Department until Franklin Roosevelt's administration when FCS was transferred over to the State Department. The induction process was chaotic. They didn't put us through the A-100 class. When I came back in the 90's and was acting DG for awhile I did start a tradition that put new inductees through the A-100 class. It lasted a few years and then was suspended again. For me, it was important to place our FCS officers in the broader Foreign Service context and would have been extraordinarily helpful to set the scene for our careers.

Q: The A-100 class being..

FORD: Being the entry level class attended by all new State Department Foreign Service officers. I thought it would be helpful for us.

Without any induction class or process, I just remember landing there and being given a pile of documents to sign and fill in. First of all, I remember the process of being offered the job. It was the day after the Argentine military vessel the Belgrano was sunk by the British off the coast of Argentina. My assignment was Buenos Aires.

Q: Pittsburgh, I can't think it was an American built cruiser, WWII which was torpedoed by the British during the Malvinas/ Falklands War.

FORD: Exactly. I recall telling my wife that they were going to send us to Argentina. Looking back, Buenos Aires is probably our favorite assignment. At the time I didn't want to go to Argentina. I said, "I don't want to go to Argentina." They said, "Ok, thank you very much for your interest." We will call the next person on the list." I said, "well, hold on a minute." I realized right away there was no negotiating. It was a great way to

let us know what worldwide availability actually meant and it informed my activities for the rest of my career. On top of it all, I took a small salary cut to join but we realized it was really what we wanted to do. When I arrived at Commerce, I remember we had a very pleasant orientation session. There were two of us who came in that day and we were given a pile of papers and went upstairs to a conference room, and they said, "Fill those in; you have two hours." It was the insurance and all those important choices to make about benefits and your logistics to get to post. Fortunately the colleague who was with me was a former State officer, a guy who had left State and was now coming back. He had a lot of experience so he gave me great tips as to what I should sign up for. Then we had a series of consultations around the building. The good thing for me having worked in Washington at the trade association, I was actually dealing with all the senior people in all the agencies for my members. John Bushnell was the DCM in Buenos Aires. He marveled at all of my contacts. I said, "I spent five years working on trade with all the agencies in town and I had a good knowledge of the inter-agency." A lot of the new hires were business people from sales or marketing, and they came into town and this was a very alien experience for them. After signing all the required paperwork, the induction process was just, "Here you are, go to Argentina and meet some people." Then I went to post and landed there, and my boss went on home leave and I was running the Commercial Section for about three weeks over the Christmas holiday season of 1982. Fortunately I was a quick study! It all was very improvisational, but as you have seen, I prefer it that way. You just get thrown into the water. I was 4/4 in Spanish and did not know Argentina, but my wife Lillian is also fluent in Spanish. It is always a lot better when the family also can deal with the language and culture.

Q: Well what was the situation in Argentina when you were in?

FORD: Well when I arrived we were re-staffing the Embassy as all but essential personnel had been evacuated at the start of the Malvinas War. I was trained never to use the word Falklands! So I was part of that first wave of people to replenish the Embassy. It was a fast four years from 1982 to 1986. My tour included the last year of the military dictatorship and the first free elections in a decade in 1983. It was interesting as an American there because we were taking quite a bit of the public blame for why they lost that war because we didn't side with them. I don't know why they would be surprised but they felt we would be on their side. We obviously stayed on the side of our NATO ally Great Britain. But I must say as a person and as a family, it was just a fantastic experience. My son was born there; my daughter was about a year and a half when we went down there. We just thoroughly enjoyed Argentina.

Q: What were you trying to do?

FORD: The goal of the Foreign Commercial Service (FCS) was and still is to help American companies sell products in the Argentine market. That is one goal. The other is to defend American commercial interests in Argentina which brought us into a lot of work on major infrastructure projects. There was a series of hydro electric projects, rail projects and others where American corporations would be bidding and were up against competition from manufacturers from Europe or Japan. So we would be advocating for

US companies, not to buy US, but to make sure the rules were fair. It goes back to the Tokyo Round which developed new rules on government procurement. President Carter also had bilateral rules relating to bribery and corruption. So there were a whole series of rules and policies passed during the 70's that we wanted to make sure were being fairly implemented so that American companies would not lose business and would have an equal chance to win. We always told the Argentines in this case we want you to have the best choice possible so you have to give everyone the chance to compete. And not to provide favors because some other country is doing you a favor and violating the rules. We also were beginning to negotiate a new multilateral trade agreement, the Uruguay Round, as negotiations started in Montevideo. At that time it was actually our unit that served as the secretariat for the Embassy support function for the Round. This was unique as it would normally have been staffed by the Economic Section, but we were the point person for the embassy on the Uruguay Round which was a new trade negotiation finally completed in 1994.

Q: What was the situation according to making sure there weren't under the table payments between different governments in Argentina. I mean it is well known how things were run in Indonesia and other places like this, but what was the situation and what happened in your time?

FORD: Well, corruption isn't unique to any one country or region We have it all over the world. You have to think of what kinds of systems and institutions exist and does the value system exist that says it is wrong, and do you have an institutional base to ferret it out. In Argentina at this time it was a difficult moment as in other countries. It wasn't just an Argentine problem. We always felt the best way was to just put light on a corruption case. If you could put light on a bribery situation, publicize it, it would take care of itself. That is probably why many American companies that did not like these rules actually now are very keenly supporting the rules against bribery because it gives them protection. They can say we can't do that and frankly one of the jobs of a FCS officer is if you are able to find credible evidence of bribery by others or frankly your own companies, if they are doing it, you have an obligation to report that to our Justice Department. But if it is other countries you can work with your press people to make sure the Argentine public is aware of this bribery. That is usually the best thing you can do to insure it doesn't happen.

Q: I would think at the time that the French would be doing fairly well because they had sold the Exocet missiles which sank the Sheffield and had given the British a very rough time. We had been giving the British basically some base support and all that. So I would have thought that the French would have, and the French were not known to be, to hold off on special sweet deals.

FORD: The general point of view in Argentina and I can use that example is that it is always great when you can beat the French in a commercial deal, because they were tough competitors. A lot of this is in their culture. In French culture there is the idea of national champions. We don't have that idea in the US of national champions meaning that this company is our top telecom company or maybe it is even owned by the state and

maybe it is in the interest of the country that they get these contracts. Germany, I don't know if it still happens, but in Germany you could actually take a tax deduction, on your corruption payment. You could treat it as a business expense. I think internationally we have come a long way since the days when the U.S. unilaterally put the rule out in the 1970's.

Q: Well we were thought to be very naïve.

FORD: Our companies were furious when we put the rule out, but I am pleased as my career has gone on that many of our global companies now see the rules as an important protection for them and they are now honored more multilaterally.

Q: I would think you are dealing with we are talking about a country which has come out of a military dictatorship which is particularly inept which also had all connection with Peron again which was basically corrupt.

FORD: National Socialism.

Q: Very nationalist. In other words it wasn't a very good operating system. Then you had something which I never understood in which Argentina whom God has blessed with everything you can think of as far as minerals, agricultural, European population, no sort of Indian problem or anything else, and yet it seems to be floundering all the time.

FORD: I came to think of Argentina as a developed country that was un-developing. It was a remarkable experience living there to go up to Rosario on the River Plate and realize that in 1920 the world price of corn was set in Argentina, not in Chicago. Then there is the quality of the medical staffs. I think Argentina was the eighth wealthiest country in the world in 1945, so you really had a developed country that has gone through some und- developing process rather than developing further. I don't have an answer for that. I think it is one of the great countries of the world. We love the country, love the people and it is a melancholy thing to see what they have gone through. But someone alluded to the history from the late 1800's when they had their civil war if you will, and the South won that war instead of the North in that the agricultural interests won, and that is why it remained a very strong agricultural state and didn't allow for the domestic industrial growth that was market based and driven like what happened in the U.S. that would allow job creation when the rest of the immigrant workers arrived. So a lot of what they still do, I think they had this big agricultural strike two years ago or last year because when they need to tax their exports of wheat and beef. Argentina is the only or only one of a few countries in the world that actually taxes exports rather than provides subsidies to them.

Q: Well were you feeling maybe not in your job but I would imagine it would permeate dealing with the whole government and with the people as they were going through a round of disappearances and all this sort of thing from this nasty junta. Did that sort of dominate one's life there?

FORD: You are right. It was a huge Argentine issue among Argentines. I mean President Raul Alfonsin, elected in 1983, clearly came in with the idea that he needed to not look away but to look back and to figure out how to punish the cabal of various military leaders, everyone who had been in power since '76. It provoked quite a bit of conflict during his tenure and he didn't quite finish his term. As a FCS officer at the embassy with Ambassador Ortiz, commercial diplomacy became a diplomatic tool to cut through the tension. We had been perceived by some as supporters of the military regime in the 1970's and then supporters of Great Britain in the Malvinas War. So Commercial Diplomacy was a tool that the embassy used. I was a key player in this, to reach out to various sectors of Argentine society and provinces and develop a commercial relationship because at least on a people to people pragmatic basis, business to business is a good way to isolate some of the other areas of contentious disagreement. One story I still remember and find fascinating. Ambassador Ortiz was very good at diplomatic outreach, quite personable and with great language skills, just the kind of person you would want to have out front as the face of the United States on these people to people business to business programs where we are going to try to help the Argentine provinces export and we were going to sell American products. I went out to make the first call in La Rioja on Governor Carlos Menem, who in the late 1980's went on to be President of Argentina. He had been imprisoned by the military back in the 70's and was governor of La Rioja province in 1984. He was a Peronist. As I did the advance for the Ambassador's visit, at the end of our dinner with the Governor, we adjourned to his office for brandy and a cigar. It was there that I noticed a picture of the Governor embracing then Libyan dictator Muammar Gaddafi. I obviously noticed that! So we came back to the Embassy and, this is 1986, mention that observation casually in the staff meeting where we were organizing the trip. So as we started the trip a month later, we went to another province first and that night at the other province we get the news that President Reagan had just ordered the bombing of Libya and Mr. Gaddafi. I remember telling the Ambassador, "I think I probably need to give Governor Menem a phone call." He said, "Why." I said, "Well he might not actually want to have us arrive tomorrow." "Well that is pretty extreme." Sure enough I called and Menem said, "I would appreciate if you did not come tomorrow because I would have to declare you persona non grata. We will re-schedule the trip in a few weeks." So we went home and he made his statements about the aggression against his good friend Gaddafi. Again one of the interesting phenomena I found in doing my commercial work. A good commercial officer is also a political officer, especially in developing countries. A final interesting observation I will share is that many of the Governors of the Argentine provinces along the Andes were of Christian-Arab origin. Menem for example was from a Syrian Christian family.

Q: Yeah, a lot of them were Lebanese.

FORD: Lebanese, Syrian, Palestinian. In Honduras there is a whole Christian Arab population that is quite dominant in the local economy. The Turcos as they are called; the original immigrants arrived with a passport issued by the Ottoman Empire. Returning to Menem, later on as President you could not have had a more pro American president.

Q: I don't know, it is the sort of thing that as part of you might say if not the training but also the sensitivity. There are times for press things and times to not.

FORD: I could have easily said to myself no need to mention this to the Ambassador; let me just pocket that fact away. But we could never have really recovered for awhile if we had gone to La Rioja the next day. He would never have called us to tell us not to come but he was very grateful that I was sensitive enough to say what do you think if we don't come tomorrow?" "Wow that would be really…" So I could see if I hadn't done it he would not have said no, but it would have been really very awkward and not productive. The other part of the program was to bring the governor and key business leaders to the residence. So this program, combined with doing the same thing in the capital around the theme of doing U.S. Argentine commercial relations, was great in and of itself but it gave the Ambassador and the U.S. government a tool to use to begin some soft diplomacy to crack some legacy issues and advance our interests on some real hard choices on human rights abuses and civil- military relationships.

Q: Well what sorts of things were you pushing particularly?

FORD: We were pushing on the American side access to manufacturing markets where tariffs were protecting inefficient Argentine industry. We were basically pressing for more of the trade agreement rights we felt we had negotiated in these broader agreements. Major projects were always a priority because Argentina was looking at a lot of major infrastructure work. We had companies that could compete for those projects. Argentina had a hoof and mouth problem that meant they couldn't export beef to the U.S. So we opened up channels so they could have better access in Washington to make their case for their products. I didn't pretend to use Commerce for that, but I have always felt if we want our rights, I have got enough contacts through my business life that I can figure out how they can work with those networks to do the same kind of thing in our market. Trade should be a win-win if we could work it that way.

Q: You know one would thing there would be a natural heavy trade between Brazil and Argentina but there were some prickly issues there.

FORD: Prickly issues particularly in manufacturing. Again I think particularly because Argentina and Brazil were both trying to do the same thing, and for many manufactures that led to not very attractive ways to invest. Argentina, again it goes to the point of relative positioning, was the more mature developed country. In the 70's and 80's they began to lose that advantage. Now Brazil is the dominant partner. But in those early years when I was there, Argentina had more muscle in that economic relationship than they do now.

Q: How did you find, it is still fairly early days in the Foreign Commercial Service, how did you find the relationship with the embassy particularly the economic section? Were their noses out of joint?

FORD: I think it helped that I wasn't from Commerce and I wasn't from State. My boss, Richard Rueda, was a State Economic officer who had taken a five year limited appointment with the FCS. So it was helpful to have a career State officer running the office. I came in from the private sector. But yes, the short answer is there was tension, and we managed it very well. There were many people at State as you well know in that era that thought the loss of FCS was diminishing the State Department economic role by loosening this connection between the micro and the macro sides of economic. Because in the end when our work is organized efficiently, the economic section is going to focus on macro economics and the commercial section is going to focus on industry issues and business promotion. These should be connected. They should be flowing fluidly into both programs and services. So to the extent you can make that division of labor work there is less of a problem. I think what has happened is a generation of officers who have come over have moved on or were not extended beyond the five years, and as the agency got into the 90's it became much more of an independent agency rather than the former commercial sections. Those of us who go back that far always looked at us as partnering with State Econ. I always got along very well with the economic section because in the developing countries in particular you really had a lot more you could pair up with the political section than the economic section. I think the real tension in those days in the 80's in the embassy was whether there were State officers who had resentments about the FCS and also whether the new FCS officer had credibility to do the embassy work. I think I had early credibility because my private sector work was doing government affairs work in Washington. So I fit very well on the government side as opposed to a sales person or marketing person who might not have acclimated without more particular training in what an embassy culture is. But I think other than that you really have a Washington problem in that Commerce Washington historically and culturally was in the inter agency competing with the State Department Economic and Business Bureau (EB). In other words, Commerce brought another perspective to the inter-agency table. They would often want FCS to send in materials that the embassy didn't want to send forward. Clearly on some business issues at the embassy I could see that there was going to be a Commerce view and a State view and a USTR view and we were going to have problems at post reconciling them. The business community that supported the FCS move to Commerce, felt that in State the business issues were always resolved at the undersecretary level. They didn't ever make it to the Secretary. If you placed advocacy for the main international business issues at Commerce, then the Commerce secretary could actually take the business case to the White House. In other words, it was a way to strengthen the business arguments at the inter agency. That is my understanding of why you wanted to have an independent cabinet office do that. I haven't seen that really happen that much. Obviously State has the job of reconciling how much is that business argument worth versus some other aspect of our national security policy or foreign policy.

Q: OK, well I think this is probably a good place to stop. You left Argentina…

FORD: I left Argentina in '86. I was there '82 to '86, and then went to Barcelona and Guatemala. We had our office blown up in Barcelona, and I curtailed when the Service requested that I go to Guatemala.

Q: Ok we will pick all that up. Great.

Today is 17 December 2009 with Chuck Ford. We will pick this up now, let's put it back into context. What date are we talking about?

FORD: We are picking up now in 1986 after Argentina.

Q: So you went to Argentina for how long?

FORD: From December of '82 until June or July of '86.

Q: We have done that. Ok, so do you want to pick it up then?

FORD: Well from there with my language as well as what was seen as a career progression, I was named to be head of the commercial office at our Consulate in Barcelona, Spain. I went there in 1986. I was supposed to be there for four years, but stayed for two until the service asked me to do something else. I was there from 1986 to 1988. Ruth Davis was my consul general.

Q: OK, so let's talk about you were there, was the World's Fair on at that time?

FORD: No. It is interesting that you mention the World's Fair because for Barcelona what was happening in 1986 when I arrived, in fact it happened right before I got there, was the selection of Barcelona to be the Olympic city for 1992.

Q: I meant the Olympics.

FORD: And in Seville the World's Fair was also 1992. So a lot of my two years in Barcelona was spent working with American firms that were anxious to get involved in any contract opportunities or sponsorship opportunities with the 1992 Olympics.

Q: Well let's talk about in the first place, Barcelona, what was it like as a city at that time?

FORD: Well it was a fascinating experience for me. Barcelona is a very distinctive part of Spain. It was the first part of Spain to industrialize in the latter part of the 19th century. The American Chamber of Commerce in Spain is located in Barcelona and not Madrid. Many argue that Barcelona and Catalonia are more like southern France than the rest of Spain.

Q: Yeah, they really feel themselves to be.

FORD: Yes, they have their own language. It was going through this period a little over 10 years after Franco's death of exerting more of its nationalistic and cultural background, fighting more with Madrid the capital. Spain had just joined the European

Union, and also had just joined NATO, both very interesting political events that had obviously economic and commercial consequences.

Q: Well did you find yourself while you were there having to be very careful to be very sensitive to make sure you were portraying Barcelona as this almost a separate part of Spain?

FORD: Yes. One or two examples illustrate the sensitivity. I talked to some people who had served there before and came by to visit because everybody goes back to Barcelona after you have been there. It is such a wonderful city. Their advice was very helpful to me. I would work to understand the Catalan language and culture. But it was suggested that I not speak it as part of the understanding that you were an American diplomat in Spain and you have mastered an understanding of the local language, but having an American official speaking Catalan in official meetings would have been seen as putting us somewhere in the middle of this argument between Catalonia and Castile and Madrid. One example illustrates the tension. We had a visiting group of delegates from California that came for the celebration of one of the Catalan friars that in the 1700's had helped settle parts of Spanish Mexico.

Q: Sierra by any chance?

FORD: Sierra, exactly.

Q: I grew up in California, so we had his history up and down.

FORD: That is the gentleman I am talking about. They came over for a celebration of some historic event, and the delegation was all able to speak or understand Spanish or Castellano as they called it. Jorge Pujol the head of the Catalan regional government came over to me as they were setting up the event and said, "We would like them to speak to us in English, and I am going to speak to them in Catalan." So, in one of the great ironies in my career, the American delegation spoke to the people in English, which very few people at that time understood, and he spoke to them in Catalan which the Californians didn't understand. Whereas we had the one language, Spanish where everyone could have understood every word! Second, it was special and fascinating to have the visit of the Puerto Rican governor of the U.S. on a trade mission to see the Catalan/nationalist independence movements, and this was a Puerto Rican governor who was oriented to being a part of but as separate as possible from the U.S. Here I had to manage tension over the need for the Puerto Rican trade delegation to use the American flag at the trade fair. I was an American federal government official at the Consulate trying to deal with the sensitivities of both sides. Very enjoyable although stressful challenges!

Q: How did you deal with the flag?

FORD: Well we had some very firm private conversations with Puerto Rico. I worked out an arrangement to make sure that the flag was there but the Puerto Rican flag was

more prominently displayed and wasn't underneath the American flag. That was satisfactory to the Governor. The same way I was dealing with the Catalans, reminding them to give the same amount of respect to the Puerto Rican Free Associated State as it merited. It was more than a territory. Not part of the U.S. but an independent associated state. And I indicated that we will do the same with Catalonia and Barcelona as they project themselves in the U.S. as more of an independent player than they really were in Spain.

Q: Well this brings up a point. Was there a commercial service officer in Madrid?

FORD: Yes.

Q: So I mean you were under him?

FORD: Yes. I was the second ranking officer in the country. I actually reported to the head of the office in Madrid. My reviewing officer in terms of appraisals was the DCM in Madrid, which was always a point of tension with the Consul General as the Consul General had to deliver her comments through the DCM. But it was very much a part of the FCS view that I was going to report to the office in Madrid, and my secondary reviewer was going to be the DCM. I was just very anxious that this not be seen as a problem for the Consul General. Also, I was the second in rank and would be the Acting SCO when the senior officer was out of country or on vacation.

Q: What were the commercial ventures you were involved with?

FORD: The move to the EU to join the European Union to go from 12 to 15 countries meant that there were some American businesses losing market access as Spanish companies were buying now from Europe. Much of what Spain and in this case Catalonia wanted from us was related to technology. So I worked a lot with Hewlett-Packard and some of the other computer companies. Again we are talking here middle 1980's and our tech industry was expanding into Europe and Catalans were working to attract American investment into Europe. Those were some of the more interesting projects. Also I think working with some of the companies that wanted to sponsor or work as part of the Olympic project provided some very interesting opportunities to provide assistance to make sure they were going to be treated fairly in terms of other European companies or Asian companies. Particularly to make sure that a new move into Europe didn't come at the expense of what should be open and fair competition.

Q: How stood Catalonia or the area you were dealing with? Were you just dealing with Catalonia?

FORD: That was an interesting point because the consular district was Catalonia and Aragon but the commercial district for whatever reason expanded to also cover Valencia. That became quite problematic. It wasn't a problem to go to Zaragoza. They didn't seem to resent that. But Valencia and Zaragoza had major fairgrounds and regional officials really would prefer the Embassy to cover them rather than the consulate in Barcelona.

We tried to work that so we were effective for American companies. So it was interesting because of the nationalist tensions and historic legacies that Valencia and Zaragoza were not nearly as strong in their regional identifications and resented the Catalans. We at the Consulate would often get caught up in that tension.

Q: I understand that. You have got what do you call that, a region that is practically on a separatist thing, not quite as bad as up in the Basque country.

FORD: They are pursuing their separatism without violence.

Q: Yeah, I mean it puts them apart. You want to be associated with it. Well this brings in quite, Barcelona is quite, and you can correct me on this, but you are looking at here is this thriving sort of industrial commercial center next to France, and the are in France isn't much. It is sort of I don't know, nice tourist country, but it doesn't seem to be a very thriving area.

FORD: The Catalans will tell you it is because the central government in Madrid never really connected the infrastructures in a way that would have connected these two regions more over time. They were discriminating against this Catalan possibility to be more actively integrating with the Catalan speaking part of France. Of course the Pyrenees provide some natural boundaries there as well, but I don't know whether they have yet connected the high speed train from Paris to Barcelona. They just now allowed a high speed train to go from Barcelona to Madrid.

Q: Well is there much contact with Southern France?

FORD: Well there is more. I mean a lot of it is the tourism. In many ways Spain even in the 80's was beginning to represent the Florida of Europe and one of the challenges I think as they were looking to develop in joining the European Union was how could they attract more technology investments and other activity where they had very rigid labor laws and labor rules that didn't make them that attractive. And maybe not become really as dominated as they had become by the retirement and tourism trade that makes them seem like again a certain Florida region of the larger European Union.

Q: Well France has got a tremendous at that time I guess and certainly now these very rigid labor laws where you can't fire somebody and you have got a huge overhead of pension and all this. Did Spain too?

FORD: Spain had the same or worse. But there are other reasons. When I lived in Spain the unemployment rate was about 19 percent. Now a lot of that didn't capture the real unemployment because a lot of people were working on what we would call the black economy and were living outside of the standard rules because of the rigid nature of the labor and capital markets.

Q: What were you trying to do?

FORD: That was a very interesting question because my main mission is always twofold. One is to promote American exports, and the other is to defend U.S. commercial interests. Coming there right as the treaty of entry into the European Union came into force, we had some issues related to the new tariff structure because Spain lost its tariff structure and adopted the European Union tariff structure. So many of the issues that complicated our trade relations in other European countries now complicated them in Spain. Whether they were agricultural policy issues that denied access for American grain and corn or whether they were worker issues that just again because of standards or other barriers American products were no longer coming into the country, not because of competitive reasons but because of rules. So the export promotion issue was difficult. You also recall at that time the dollar was very strong. This was in the mid 80's when the dollar became expensive which is always a tough time to export more American product. So a lot of the focus was turned into projects like the Olympics, major funding opportunities to change the infrastructure as Barcelona used the Olympics to transform their city, to do urban renewal. Barcelona as they say had turned its back on the sea. They are a sea port yet through their urbanization and industrialization in the late 1900's and 20th century had created railroads and warehouses and the sea front was just lost as the city looked internally, driving its products into Spain. So they tore all those down and created a new waterfront. They visited Baltimore and Boston a lot to compare experience and seek out assistance. They went to the U.S. to study how some of our urban centers have transformed themselves back into more of a city that recognized its location on the ocean. So we got involved a lot in helping them make the commercial contacts on those issues. We saw this as an opportunity for American architecture and service and design companies to perhaps do more than just share what they did here, but get future business. I believe they did. So my two years in Barcelona were cut in half as I was asked by my management in Washington to curtail to take on a new job in Guatemala in 1988 which was judged in their view more important than the Spanish job at that time. It was focused on these major projects and you found a lot of American companies because of Spain's entry into the European Union now looking at investing in Europe. And while we don't promote that, if you are going to be investing in Europe we are going to be available to help American owned companies get their questions answered and introduce them to officials who can provide incentives once they have made a decision to come to Europe.

Q: How stood your area with regards to the development of the information technology field?

FORD: At the time this sector was underdeveloped but this was their main area to develop. They had an excellent university infrastructure. ATT had just decided to put the plant in Madrid with some chip manufacturing. They were not yet as completely broken up as they became, as they are today. So the companies coming to look at Barcelona again were looking at the European Union market, were looking at Barcelona as an ideal location going to your point about integration with Southern France. This is a great place to invest and serve this broader market because obviously they are very close to Germany, France, and they could get shipments in to the UK.

Q: And I assume that an American firm would look at the Spanish and see that they are a little hungrier. France is very excusive anyway and here you put a tiger into the soft underbelly of Europe in a way where they would really be more appreciative.

FORD: That is a great point. Because the core of Europe, France and Germany, the original six already had their own companies looking to expand into Spain because again it is hard to remember the hungry Spain of the immediate post-Franco era when looking at the affluent, prosperous, well-developed Spain of today. But 20 some years ago it was still a relatively poor country coming into Europe. They had this great opportunity with relatively cheap labor costs. They had the rigidities, but wages were low. They had the access and European funding to build the roads to the trains that now powered a lot of this development. So yes the Spanish were looking for some American investment so they wouldn't become totally dependent on French and German investment.

Q: Was there a problem of you might say unfair business practices, bribes or whatever you wanted to call it. By this time you had a very strict code. The French and Germans didn't really play by the same rules.

FORD: Well that is a really good point. In 1976 we passed on our own a foreign practices act which, that is a great story to look over my career on how the U.S. corporate attitude towards that act changed. I don't have any specific cases where I was working on something with a company where a bribe was involved. But I am sure that it was one of the tougher issues that companies had to crack into this relationship where German and French firms would have an edge including I am sure where these kind of bribes or grease payments would go on.

Q: Well one of the things that everybody in our line of business swore is that each country is different. The culture is different and how you deal with it. How about Spanish business practices. What did you take away from there?

FORD: I say it has changed a lot. Spain has become more of a European country as it has integrated into Europe; it has changed some of its practices. The importance of a personal relationship could not be underestimated. You often had to work with an American executive that would come over or not even come over but prefer to deal with his business on the phone. You have to know if you are going to be investing here or getting a joint venture or even having this person represent you, you have to come over, and probably just make a vacation trip, not even talk business on the first trip. You are really going to have to develop that relationship and then talk business. To often the hard driving American business person would often lose out because the culture wasn't hearing or wanting to hear the message without having a relationship first.

Q: The 11:00 in the evening dinner hour and all this is a little hard to…

FORD: Well that was a little hard to adapt to. Barcelona, one of the nice things is you could eat at nine. You had dinner mainly at nine. That was at least you could try to work with the Americans on. But I think the lunch, waiting until 2:00 to have lunch and then

have a three hour lunch, was really historically difficult. Then also you have the classic business breakfast favored by many Americans. I remember talking to the Consul General about wanting to have business breakfasts. So I surveyed the business community, they all wanted to meet with the Consul General, but that meant they all wanted to have a business meeting. They were trying for drinks but she wanted breakfast. You could finally get going about 10:00 with a croissant and coffee. But to pretend to put on an 8:00 American breakfast wasn't going to work in a country where you had gone to bed at maybe 2:00 from your dinner party. You just had to adjust. You eat about five times a day in Spain, one large meal and four other small ones.

Q: Well did you find that you were almost on a daily basis somehow conducting social seminars for American business people?

FORD: The ones that came to see us from the U.S. yes. Many were coming for the first time. Again this entry into the European Union can't be underestimated as to what that meant to draw people to Spain. Because now they are in Spain but they have access to this big market. I think that was the beginning of the uptick for more general American interest because the Olympics helped and the World Fair in Seville really helped promote the country. But a lot of people who would come to visit us were Spanish firms looking for the American product. So there was a two way pull here. We weren't getting a lot of visitors. 1986 was a tough year because of the bombing of Libya, air traffic was down, the dollar was high. I saw as I was leaving in '88 more traffic returning. I think that was just two years after the entry in the European Union and a lot of factors had gone away and the dollar had weakened and the terrorism piece had gone away for the moment. But a lot of people who had come to see me both in Argentina and in Spain at least 2/3 probably are local firms that are looking for an American product, an American service, or an American partner. So one of the great challenges was to be located in Barcelona and try to communicate back to the U.S. In those days it was still fax and sometimes there was still a TELEX to use. To go back to our offices or our own contacts to see if we could identify that American firm to sell the product of service or to potentially come over and look at a venture.

Q: Well what were sort of the particular favorite products from the Catalonia point of view?

FORD: Many of the Catalans I found in government and in the private sector that were of a generation, maybe in their 20's or 30's, had gone to the U.S. to school, not to Europe. It was interesting. They had not gone to France as their parents would have; they had actually gone to the U.S. So there was growing interest in U.S. higher education. I can't overstate really how having students coming to the U.S. had an impact on shaping not just their views of us but shaping their familiarity with our products and what they wanted. Again because it was '86 to '88 everyone wanted to have American technology. They wanted to get the latest on the computer side. The shows that seemed to draw the most interest when they had American firms were the technology areas. Because of the prior relationship before joining the European Union, they were quite familiar with American products, consumer products, and many American consumer product

companies whether they were cereals or razors were quite well known brands. More so perhaps in Spain than the broader European Union Market which Spain had been cut off from all this time when Franco was head of state.

Q: Speaking of studying in the United States, was there a significant number of graduates of our business schools, Harvard, Chicago, the business schools because these weren't as well developed in Europe at this point.

FORD: That is a great point, yes. Yes there was Harvard and other schools from the Boston area. Boston seemed to be the particular area with a privileged access to Barcelona, and I have seen that elsewhere in Europe or Latin America that Boston has a range of colleges that must be very good and reach out a lot to European schools. I know the mayor of Barcelona, Pasqual Maragall went on to become the head of the regional government recently. He went to the New School in New York for social studies.

Q: New School Social Science.

FORD: Yes exactly. You found a range of intellectuals as well that were probing on liberal arts, but in my last year there the University of Chicago established in Barcelona a business school, a physical presence.. I think that trend has continued. Not only are they promoting students to study in the U.S., but many American schools are now established in Spain. Again I think it had to do with the European Union, and they could get people coming there from other European countries as well from Barcelona as an attractive venue, relatively low cost compared to other parts of Europe.

Q: One thinks as Barcelona sort of today and for some time as being a center for young upwardly mobile Europeans. Kids going there to have a good time but also to learn the language and other stuff. Was there a remarkable sort of young…

FORD: Yes there was, Barcelona had always been the beacon to the world. So you had not only Europeans but Argentines and a range of international students, Spanish speaking and European language speaking students that would always be around Barcelona. Going back to Barcelona when we were in London and Brussels later in my career I noticed this had diminished and I think the language issue has had a lot to do with that. My son's grade school as we were leaving banned the teaching of Spanish. So you had to learn Catalan and English. That is fine if you never wanted to leave Catalonia. But many executives for Spanish and French firms did not want to come to Barcelona because they did not want to jettison the Spanish language opportunity. So I think that has taken some of that image away from Barcelona, from what it might have been historically.

Q: There was a movie, Barcelona.

FORD: Yes.

Q: It was sort of like hostile Barcelona about Europeans going down to Barcelona to learn Spanish on a Monet scholarships and all of a sudden they found themselves learning Catalan which…

FORD: I often say to my friends please don't ever stop speaking Catalan but Joan Manuel Serrat was one of the great singers that I have always enjoyed. He sings very little in Catalan. He makes his money singing in Spanish. So you don't want to take one of the world's great languages and jettison it. You don't want to forget your own language or culture either. I believe that is a false choice. You have to get this balance right. I think they hopefully want to recreate that balance. You don't want to see that city isolate itself from the world.

Q: Is the Sacred Family (Sagrada Familia) church still under construction?

FORD: Well it is. I saw a picture of the current state of construction of Gaudi's Sagrada Familia church recently and it appears that their fundraising is going much better in recent years, and it is near completion. It has a completion date. I can't recall what it is. I saw it over 30 years ago and it didn't seem to have changed since I saw it the first time in 1968. But it is now moving along and being finished. I don't think it has been finished but it should be soon. Barcelona is such a rich city to view some of the best architecture.

Q: Was there particularly because of your previous work in Latin America, was there much tie to Latin America or Barcelona wasn't one of the major areas during the colonial period.

FORD: No. It is an interesting question given my background, and I think this might happen to many American diplomats in Spain who come from service in Latin America and are surprised to see the mixed and relative lack of interest in Latin America at this time. Barcelona wasn't part of the Conquista movement. But, as a commercial center, they did a lot of trade with Latin America, and particularly as I go back in time talking to a lot of people over those years, Cuba had been a big trading partner back in the 1800's. Not now. They trade with Castro's Cuba but in a different area. There is a lot of resentment still in the older people about the Spanish American War. Most importantly, since Franco, the focus of the people has been on Europe and countering a phrase I heard often in France that Europe stopped at the Pyrenees. To be sure, government leaders and executives of large Spanish companies were heavily focused on Latin America for geopolitical and economic gain. But the public was not.

Q: I was going to ask.

FORD: When you discussed Latin America in Barcelona, you invariably had to go through this nationalistic thing about why you Americans invented the attack on the U.S.S. Maine so that you had an excuse for war with Spain. This actually helped me understand even some of the more conservative Spanish reaction in favor of Castro. There is a strong sense that we didn't play fair when we fought them for Cuba, Puerto Rico, and the Philippines.

Q: Well how did our people in air base…

FORD: Well the bases were being negotiated away actually when I was there.

Q: Were those bases an issue that came up or were you pretty far removed from them?

FORD: I would be the one to fly to Madrid and take charge of the FCS office when the senior officer was out of the country. So I was in Madrid quite a bit. Ambassador Bartholomew and Adrian Basora was the DCM. The future of the U.S. bases was a dominant theme for the U.S. - Spanish relationship the two years I was in the country. I should mention that a lot of my work was investment in the Olympics but it was also a involved a lot in the offset trade to help pay for the 18 planes that the Spanish had agreed to buy from us as part of their commitment to NATO. So some of that financing would help the Spanish generate the dollars and buy the planes. The bases were the dominant bilateral issue of the time, and I guess, looking back on it now, I didn't fully appreciate that the closure of the bases was the price of having Spain join NATO. I should say from my knowledge of Spain as a tourist and as one who has lived in the country, I felt I had a certain sense of Spanish public opinion and that Spain would never join NATO, particularly the socialists. Felipe Gonzales, Javier Solana who was later the defense minister, actually opposed joining NATO when they were in the opposition. Solana would later in the 1990's become the Secretary General of NATO. It was argued that there was a trade off: in exchange for joining NATO, Spain would have to get rid of the bases which were seen by many Spaniards as legacy issues that sustained Francisco Franco's government. Sure enough I think the Torrejon air base was moved to Italy. I don't know what happened to the U.S. base at Zaragoza. I do know we have kept the Navy base at Rota. I am glad you mentioned that. The dominant bilateral issue of the day was the base negotiation. So you have all sorts of cross currents in what I think is a largely very friendly relationship people to people, U.S. and Spain but prickly politically. We had not had a ship visit in Barcelona for many years. As part of our public diplomacy effort to re-start ties with the Spanish public, we had a ship visit in 1987 around Christmas. Tragically someone threw a grenade into the USO and one sailor was killed during that visit.

Q: Well were you there when we had the night club bombing in Berlin and the retaliation of bombing Libya?

FORD: Yes. Well I got there recalling my Buenos Aires story when we visited Carlos Mena in La Rioja and I had known that he had a relationship with Libya's Gaddafi. The night before that visit was when we bombed Libya. We cancelled that trip. Then later on, six months later, I am in Barcelona. They never did identify who threw the grenade into the USO. The Catalans did not have to my knowledge an active underground terrorist group; they were very distinctive from the Basques. They were going to get their independence from Madrid through a political process, and they were not violent. So there was still some mystery in '87 was this related at all to any fallout from that Libya campaign.

In fact, I should mention that three months before the USO attack, the U.S. Consulate suffered a bomb attack by an unknown group. This was October 1987. I was hosting a trade mission at the Barcelona Chamber of Commerce and had returned to the Consulate at mid-day to check on some appointments. The bomb had been placed outside the Consulate back door and next to our computer room. It rocked our office but fortunately no one was killed. I was knocked down but was able to enter the computer room and pull two of our local employees to a safe recovery are. I still remember how surreal it was to exit our fourth floor building on the ladder of a fire truck! Duty called as I needed to get back to the Trade Mission and was able to do so once the building had been secured and the Consul General had returned to take charge. Quite a harrowing experience! As no one claimed credit in the following days, there was a suspicion that somehow there might have been a Libyan connection.

Q: Had, was there significant migration from North Africa into Spain?

FORD: Significant? No. There was considerable migration to Barcelona from the poorer regions of southern Spain. I think the door had just opened into Europe. Spain was still kind of the poor country rapidly on its way to modernization International migration was not an issue on anyone's mind.

Q: What did Catalans want or was this a multitude of wants or what?

FORD: Well I think that is a hard question to answer. I think a majority of Catalonia was non Catalan. Many people from the poorest parts of Spain had emigrated to Catalonia to work. If you take the Catalans, the ethnic language and the rest, I think what most wanted was a very autonomous region or better an independent country. They didn't really want to necessarily separate from Spain, but they wanted more and more the ability to control their own lives. The basic grievance was that they paid more in taxes than the benefits they received. There were obviously fringe elements who would like to have their own country. In some ways the European Union satisfied that objective. Several people just a month or two after joining the European Union were happy to show me their European Union passport and indicate that they could now throw away their Spanish passport. Just have an EU passport. I heard that often that we would be happy just talking Catalan and English. I said, "The second largest language in the world after Mandarin is probably Spanish." I also mentioned how much Spanish you now were beginning to hear in the United States. But I had little impact on the diehard Catalans. For example, the big football club in Barcelona, F.C. Barcelona had a motto that in effect said that they were more than a club. They were a political and cultural movement. That was the political club for Catalan nationalists. There was another team, not as well-known called Espanyol, and that is where the Catalans who believed in national unity were members. So it was not a monolithic piece. But I think the vast majority of ethnic Catalans liked the idea of having as much autonomy as they could wrest away from Madrid.

Q: You mentioned before movies. Where there content of moves, I am thinking now of TV and movies and all this.

FORD: Spain was quite open on this issue, unlike France. Again the concern at the time on this issue was with the European Union rules and would Spain be required to show a majority percentage of their movies with European content? This would mean that Spain would be required to restrict the distribution of movies from outside of the country, damaging our movie industry. What was changing while I was there and is changing even more is that it was hard in Spain more than most other countries to see a movie in its native language with subtitles. All of the movies were dubbed into Spanish. There was a huge industry that had grown up in Franco's time that didn't want to have original language with subtitles. I kind of understood it was a labor issue in the end. If you wanted to do subtitles you would unemploy a vast number of people who made their living dubbing movies. But I did see, this was five or six years ago in Spain, more subtitles whether French or English. You could see the movie in its native language and have the subtitle, which I think again was a sign of the insertion of Spain into the world of global international movies.

Q: Were the Japanese a significant competitor in the market.

FORD: During my two years there Japan opened a consulate in Barcelona.

Q: I assume it was almost purely commercial.

FORD: Very commercial. The same technology piece that was driving Hewlett Packard and ATT was driving the Japanese who were putting many U.S. businesses out of those businesses as they took over the global consumer electronics business. The European Union movement would actually help probably Ford and GM, because the Japanese had less access to the European car market. So in a way where Spain was getting more Japanese imports, Japan was having a problem because of European rules. In the end, Spain was an attractive market for the Japanese to establish a footprint within the European Union single market.

Q: We were already well in place in the EU.

FORD: Exactly, we were there in the form of Opel for GM and Ford. And even Chrysler in those days still had a relationship with Peugeot. But Japan was purely commercial, and Barcelona became a strategic location for them as they considered investing in Europe. Because again it was the most advanced manufacturing area of Spain and you could find the universities and the technology parks. So they had the clusters in that area. But the Japanese also, as I understood it from talking to people in the Consulate really were taken by Catalan culture and architecture. They just loved Gaudi. There was a school of study of Spain in Japan on the Catalans and their architecture. The Russians also opened a consulate which was interesting to us in Barcelona.

Q: Were there any significant political developments while you were there?

FORD: Well I think the major political and geopolitical developments happened the summer I arrived. The big developments were Spain joining NATO and the European Union. And the decision to close the American air bases. I think when you look at those three, they were huge. If you want to look at the Barcelona Olympics and the World Fair in Seville as political events, to me they all marked '86 to '92 as the coming out of Spain onto the world stage. Felipe Gonzales, a Socialist led Spain through a remarkable peaceful and successful transition from the conservative Franco regime. When you had this series of choppy governments for about five or six years after Franco died and then see the country turn to a young, modern socialist who wasn't going to go after the sins of the past, but seek future glory. These three decisions marked his term in office. Together also with the successful transition of Juan Carlos as a new and respected king, Spain overcame the cynics who saw only calamity after the death of Franco.

Q: Did you find in Barcelona say with the Olympics coming there, some hard headed business people. A populist gets very excited about Olympics but just going through after they announce the next one is going to be after in Brazil, that it really is averse to building other buildings they aren't really going to use very much. I mean it is a lot of expense.

FORD: A hundred years of debt had accumulated to drag down the Barcelona economy; this is massive debt. The tension in Barcelona was between the conservative business community that was identified more with the conservative party in Spain which had many different names before it became the Partido Popular. But they didn't want to get any further into debt. But what was really behind it was politics. I thought it was a brilliant strategy. I have mentioned this to other countries who are struggling with this polarization where they can't get consensus on a national unity plan. It was Gonzales saying either get on board or we are going to seek firms and banks from outside of Spain to help us. So his push for foreign investment and this push for big projects really told the Spanish banks, Spanish companies that had grown up in this Fascist corporatist system of Franco that here is the New Spain. We are going in a new direction. Do you want a piece of this or do you just want to become history? Not because of any intimidation. I saw an openness of Spain to Europe or the Americans very clearly on the part of Felipe Gonzales, unlike the conservative parties. When you think of the ties I found most striking when doing my commercial work is the fact that it was the Socialists in Barcelona and the Socialists in Madrid that had the strongest ties to the U.S. I am talking about politically. I know they were all rooting for Dukakis in '88 but they were pro-US in a very basic geopolitical sense. This was very interesting for a group not coming to power to provide justice for all the wounds of the past but rather to bring in this new vision of a modern Spain at peace and prosperous in the world system. They were going to do it with outside forces from Europe and the U.S. and Japan and offer it up to the Spanish companies as well. I think that is how they saw the debt; just like Barcelona saw the Olympics as a transformative event in urban renewal for the city, it was very much part of Gonzales' political vision to all those things I mentioned, plus this outward looking strategy to bring in technology and business schools and the rest to offer up what he saw Spain becoming and to really drive Spain to what they have become today. Most of the Spanish companies didn't want to miss out on this future even though they might not

have liked the fact it was going to keep their political party, the conservative party, out of power until ’96. That was very good as well, but it did allow eventually a center right party to form that was able to win the election and strengthen Spanish democracy. But I had enormous respect from my time there ’86 to ’88 to see the energy and the passion and the vision that Felipe Gonzalez brought to the country. It helped leave the past behind.

Q: Before we move on is there anything else you want to cover about your time in Barcelona?

FORD: The evolution of Barcelona over the years in its Spanish relationships and with the European Union, that there was an interesting moment in my tour there. Ruth Davis was the Consul General, and I happened to be the only one at the consulate at the time it was blown up in the fall, October, 1987. It was obviously something that remains very deeply engraved in my memory. I think as we were talking about different things, I never really got that point out in as much detail as I should have given its impact. But I had been hosting a major trade delegation. We were at a point of renewal of some trade relationships that related to Barcelona, Catalonia, and Spain joining the European Union, and wanted to emphasize our major commitment to the Spanish market. Politically, the U.S.-Spanish relationship was going through a difficult moment with the base negotiations. So as often has played out in my career on tough times on other issues, the business relationship is one you can highlight to demonstrate that we still want to work together even as we disagree on some big issues. At least that is how I interpreted the effort we were making in ’86 to ’88, the effort to re-invigorate a visible business relationship with support politically for the leaders of the Catalonian state. We had for the first time 25 U.S. companies over for what we called the matchmaker trade meeting. That was going on at one of the old historic buildings in town. I remember coming back around noon to make a few phone calls for some companies that needed some additional appointments. At that point I was back in the consulate, other officers were away, someone had left a package outside the back door, and that package exploded. Just through the grace of God and faith the explosion did not sink the consulate which was on I believe the third or fourth floor of an old building in the Gothic part of town, the Via Laietana. To this day I remember the very difficult first hour picking ourselves up and trying to recover our senses and take care of our colleagues. Fortunately no one was killed or severely injured. Foreign Service Nationals who were working in a room on the inside of that back door suffered the most. I had to focus on their well being, making sure the initial first responders were directed to the most important areas. I stayed on site and handled that until our Consul General arrived and I could brief her on the situation. It was all so odd, the personal reactions in these moments. I think the first one was a certain sense of adrenalin pumping and invigoration to engage and find out what is happening and go into places where you might not have gone when you reflect back. And try to again and again to tend to the injured who you know were in this room that took the brunt of the bomb. I barely survived the staircase collapsing which would have collapsed the entire floor and also produced much more damage and death. After that happened and after the Consul General got there, I remember going out the back window via a hook and ladder truck to get down because I had to go back to my trade delegation. We went

through the rest of the afternoon there. I was in phone contact with the consulate. My staff at the consulate was with me at the Chamber of Commerce building. We had a dinner that night that was hosted by the President of the Catalan regional government. The lights went out all over Catalonia and Northern Spain during the dinner. This was a very frightening moment for everyone in the city, not only because the lights went out, but they were still not sure what had happened at the American consulate. There was no ETA active terrorist group.

Q: ETA being the Basques.

FORD: There was no active Basque terrorist group. They weren't in operation.

Q: They weren't operating in Catalonia.

FORD: Right. Well they had a bomb that went off during my time in a supermarket. That produced massive revulsion among the Catalan people. I think we talked in the last segment about the Catalans being much more pragmatic looking to get as much independence from Spain as they could. But they were looking at French targets. Obviously the security advice we received was don't have coffee in front of a Renault dealership or something like that. The American company DuPont tried carefully to let people know they were not French! There was no credit taken by anyone actually except some obscure group that no one knew much about, a Catalan nationalist group. Everyone was suspicious of what that was if it were real at all. So by the evening with the lights going out in Catalonia and Northern Spain there was more generalized concern that there was something else going on here. In the end it all calmed down. There was a failure at some power station in Northern Spain and that resulted in the lights going out. I don't recall, there must have been some official end to the investigation, but there was just widespread speculation at the time that because of our bombing of Libya in 1986 this was some terrorist activity from outside Spain. Later on that winter in December we had our first Navy visit to Barcelona for many years, since the Franco government. Again reflecting this latent kind of anti Americanism whether it was as we mentioned before to old hostilities to Cuba or to base negotiations.

Q: I would have thought Barcelona would have been a prime port visiting place.

FORD: It used to be, and it was suspended in the post Franco period. I know in the Barcelona discussion we talked about the rather fascinating relationship that Spain and the U.S. had in that early post-Franco period. People- to- people it is very strong. There is some sense though, whether it was the old wrong about the fight against Cuba in 1898, or a sense that the base agreement with Franco in the 50's was responsible for prolonging Franco, this kind of political discourse created a tension in the moment that led to a subsequent event at a USO in Barcelona during the Christmas period where someone threw a grenade into the USO killing a U.S. sailor. So in this period of October to December of 1987 there were these two very disturbing events. The Consulate a few years later, the process started in 1987, was moved to a part of the town unfortunately

much more away from the center. So I just wanted to put that reflection into this oral history.

Q: So in '88 you left.

FORD: In '88 I got a call, actually in the winter of '87 requesting that I curtail for the needs of the service and go back Latin America. The Reagan administration's Commerce Department at the time needed a senior person to put together a program in Central America. Central America was just going through the throes of the difficulties of the contras and Sandinistas fighting. There was much turmoil in Guatemala and they needed a Commercial program to complement the democracy program that we were doing. It was hard to explain to someone in Barcelona why Washington would find the opportunity to run the FCS program at the embassy in Guatemala to be more attractive than running the FCS program at the Consulate in Barcelona. So I went through all sorts of awkward farewells saying. "Did we not help you out? Did you get punished? What happened to you?" For me, career wise the chance to lead my own office on my third tour of duty was important even if Guatemala was a small country. To work under Ambassador Jim Michel and DCM Gerald Lamberty was very exciting as they were great leaders and I could learn a lot. And Central America mattered to the Administration. It was interesting to see how much Spain mattered to U.S. companies, but there was more need for government services in a difficult environment like Central America than in Europe. Spain wasn't unimportant but it wasn't as important as bringing democracy and open markets to Guatemala. So this was back in time of the Caribbean Basin Initiative where we opened up our U.S. market to Central American products on a preferential basis as a primary stimulus for growth and employment. Again as we often do we react in Central America to events; I don't know if we have a national interest perspective on Latin America. We just react when hostile strangers from outside come into the region. When Castro comes in to Cuba and is supported by the Soviets, we offer the Alliance for Progress, or when the Sandinistas come into Nicaragua backed by the Soviets, we offer the Caribbean Basin Initiative. But a large part of our reaction to the region was to open our market unilaterally to Central America. Basically, to set the stage for what later on became the free trade agreements of NAFTA and CAFTA- DR. With our market opened unilaterally and preferentially to Central America, the new mandate for me was to help Guatemalan companies sell in the U.S. I was trying to work with AID and the other people in the mission and trying to really contribute to what I was told was going to be an important part of this political strategy to show another way forward than the approach of authoritarian populism the Sandinistas were offering up in Nicaragua. So I left Barcelona in the summer of '88 and spent 2 ½ years in Guatemala with that mandate.

Q: Well let's talk about '88 to '90. Let's talk about '88 when you arrived in Guatemala. What was the situation in Guatemala and Central America.

FORD: The situation in Central America and particularly Nicaragua which had been the core of the contra operation was showing signs of finding an end game but it had not been resolved completely. In Guatemala President Cerezo won office in 1986, but there already had been one or two attempted coups against him that had failed. Democracy of

course was quite fragile and Guatemala and Colombia had the two longest running conflicts going on with revolutionary groups in their country. The Colombian conflict I believe started in the 40's and Guatemala was like '54-'55. It was a kind of low grade but ongoing battle with the military and parts of the population in both countries. The goal here was to give an alternative to the Sandinista view of political organization, offering up a representative democracy model with open markets and integration into the global economy. Ambassador Michel was the official who specifically asked Washington for a dynamic commercial officer, and my senior management selected me for the assignment which was quite a compliment for my work in Argentina and Spain. So it was very nice for me with only six years in the service, to have a chance to be a part of a core country team that was trying to carry out this major political project.

Q: Well what was Guatemala like?

FORD: Well Guatemala, beautiful country, sad country, fascinating country. The beauty rested in the natural beauty of Central America although Guatemala is special with its rugged mountains, mountain lakes and colonial capital of Antigua. Unfortunately significant deforestation has lessened some of the natural beauty. I would highlight this high mountain range going down the Pacific side through the middle of the country. Guatemala City is about a mile high, so it has a pleasant spring like climate all year long. We could see some towering volcano peaks from our backyard porch at home. They were still somewhat active. When we were moving into our home in Guatemala City I asked my wife if the truck was moving or what was going on. We realized we were experiencing a earthquake tremor. You could go up to the north coast of Guatemala and be in a tropical setting in a couple of hours, which is where some of their traditional bananas had been grown. But what made Guatemala distinctive, and again I might be wrong on the relative percentages, but maybe 2/3 of the country is indigenous Mayan. So you had a country that was sharply divided between a European immigration which was in the minority, and this large indigenous population that still lived up in the highlands and was in very precarious situations living day to day and hand to mouth.

Q: Did Guatemala have the ten families?

FORD: I think Salvador is often referred to that way. What you found in Guatemala was a group of dominant families. They were far more than 10 but they grew up dominating a lot of the economy which was basically traditional agriculture. So the projects that came in from the economic point of view where I worked with AID and State and Commerce related to diversifying the agriculture, so it was not just the big commodity exports like coffee or bananas, and not just the staples, rice and beans, tortillas but also fruits and vegetables and flowers. Guatemala began to successfully export these new products and also we saw the important expansion of the number of exporters.

Q: Well you were working sort of a reverse commercial.

FORD: Yes. I still focused on promoting US exports and services but also tried to serve as a promoter of Guatemalan products and services. I worked very closely with the

Guatemala commercial attaché in Washington because we were charged with helping Guatemalan companies export to the U.S. market.

Q: What was in it for the United States?

FORD: Two areas to highlight. In order to export something from Guatemala we often needed product from outside of Guatemala to get it done. Whether consultants with technical expertise or exporters of machinery and parts, there were opportunities for US companies. For example, I remember an American businessman I met who had moved to Guatemala. He was in the cut flower business. He came and moved to Antigua and grew flowers. And again the benefit to Guatemala was the higher value added, so the workers doing the cut flowers were making a lot more than when they made rice and beans. The benefit for the United States was a medium to long term benefit in that if we could create an environment where Guatemala was each time more prosperous, it was in our interest that Guatemala be prosperous and to grow and be stable. Because if you have a stable Guatemala we will be selling more to Guatemala and we also won't be having these violent problems in our neighborhood if you will. So it was enlightened self interest, but I also thought there was some genuine self interest to facilitate this transformation of the economy. There was a lot of opportunity for American companies to participate in that transformation as well as new Guatemalan companies to grow.

Q: Well how did you find the running of the banana and coffee plantations other than plantation type thing because these have often been under close scrutiny because the old system you know that these were almost slave laborers. How were they in your time?

FORD: You have United Fruit and Dole and what is now Chiquita, United Fruit Operations. Again my observations are from the late 1980's. I found them quite well run, world class companies. This made it hard historically to judge the labor piece. Of course today there are very good labor conditions and frankly the job paid more than most every other job in the area. That is another issue you get into, but I found the banana operations to be quite efficient and well-run. In Guatemala they were located down near the ports between Belize and Honduras. Coffee production is a little more problematic, difficult because those plantations often coexisted in the area where the fighting was going on. I remember we would take some American investors out to look at coffee plantations or new technology or sharing some ways that you could automate. Of course this was one of the dilemmas. Both bananas and coffee had advances where you could automate and innovate but that would mean you would need less labor. So that became a problem in these communities where you don't want to introduce something that would take away jobs. The American investors were astounded to see the level of armed guards in armored cars that would be used to travel there. That was in Guatemala because the conflict had gone on for so long. Guatemalans and many of us at the Embassy just got used to having the guns around and traveling in protected vehicles.

Q: Who was outside shooting?

FORD: I can't call them guerilla groups because they were some indigenous groups maybe even the military in some cases. Their grievances go back to the early 50's, the coup of '54 and a sense somehow that social justice problems had not been resolved. That peace agreement, I think that was in '96 if I recall when President Arzu ended the armed conflict which was such an important advance. The region made a massive turn halfway through my tour when Nicaragua held an election and the Sandinistas accepted the result of the election and left office. So there was a transfer of power in Nicaragua to a democratically elected government. That helped the situation throughout the region. In Honduras, the group fighting the Sandinistas had based itself in Honduras. That caused some of the tension between the two countries. Costa Rica had tension with Nicaragua because of Nicaraguans fleeing to go to Costa Rica and because Costa Rica was the most advanced and wealthiest country in the region. I think that is still the case in spite of the progress in Guatemala.

Q: Well how did you find doing business, your type of business there?

FORD: I found it difficult because there were traditional trading relationships and relationships with traditional cities. That is due to the close proximity of the U.S. market. One of the things I just tried to study to figure out how to do this, both parts of my job, because I was still in charge of promoting American companies in Guatemala. I found a lot of the flow and trade and commerce with the U.S. not surprisingly was going through the ports of Miami, New Orleans, and Houston. So I developed a program for the Ambassador and myself and the business communities to really intensify and make more systematic our working relationship with those three cities and their trading bodies. Each city/port brought down missions to Guatemala and took missions back, and each one accepted the mandate of promoting free trade. That helped a lot. What was difficult was for American companies that weren't part of these traditional networks to break into the market. New Orleans is the great old city for entry from Central America, dwarfed in recent times by Miami; but if you are over 50 in Central America and of a certain class in the business community you went to school probably in New Orleans at LSU or Tulane or Loyola. You went to your hospital for your checkup there and all of that. Houston has kind of taken over the medical business, and for the younger crowd Miami is the place to go to socialize and for trade. But I found that for many of the new firms, it was tough to interest the new companies in Central America because of the lack of transparency, a sense that contracts were not always honored, and the lack of the rule of law. Companies are going to care about how do I resolve a dispute? How do I deal with my business partner, or what happens if I am not paid? Those were issues that I found difficult in many cases to answer for a US exporter. There was a significant flow of money coming in from the multilateral development banks and aid programs, so I encouraged companies to engage with these projects where they had guaranteed money and wouldn't have to worry so much about getting paid or using the host country legal system.

Q: Did you find that American businesses did they, the people who had these old trade relationships, did they kind of bypass you or were you useful to them?

FORD: Well I think in the end I never wanted to put myself into a place where I wasn't needed because I always had many other things to do. I did find that the existing trading and investing community always welcomes the dialogue, whether it is a regular meeting with the Ambassador or some process where they had relationships with the embassy consular and economic team. In Guatemala the labor attaché was a very important contact for companies. They always wanted to know the labor attaché so they would know that for any grievances being expressed they were available to talk with the Embassy and with the union organizers; they wanted the labor attaché to hear from all sides of the dispute. The investors always welcomed the insights the embassy might have on political risk. So often the older investment community and the trading community would use me to facilitate their contacts with other embassy officers. They didn't need me, but they did welcome the chance to get an embassy perspective and make their own assessments as to what was going on, see what the political counselor opines about this or that and exchange views. The RSO was another important contact on issues of physical security and threat assessment.

Q: Regional security officer.

FORD: Regional security officer (RSO). We did a lot of work in Guatemala as I also did on other assignments with OSAC (Overseas Security Advisory Committee). That is where again security officers of American invested companies would be meeting with the RSO to talk about security. Now I would facilitate the organization of these meetings with the RSO, and again it wasn't because they needed my assistance, but I assisted in identifying the American interested companies. So that the RSO and the Consul General could have contact if you will with the American business community on security and in some cases American citizen issues. So these were some of the other functions I did at the embassy.

Q: Was there a considerable outflow of Guatemalans through your time to the United States? I know we are hearing a lot in the northern Virginia area whenever I go to McDonalds to get a cup of coffee the place is swarming with, I don't know where they are from but they are Spanish speaking obviously of Indian descent.

FORD: Well there are several different waves of immigration from Central America that have hit our area and other parts of the U.S. I believe that Guatemalan immigration happened a lot in the 80's because of the violence that was going on in the country. Los Angeles is a particularly big area for Guatemalan émigrés. Salvador had a lot of exodus during the time of their civil war. That has been huge. It has been interesting not to see a lot of Nicaraguans. Some Nicaraguans went to the States after Somoza and around the Sandinista problems. A lot of Hondurans didn't go until after Hurricane Mitch when everything was just disrupted down there. So Honduras is a relatively late arrival to the mix. There are about a million Hondurans to the States, many illegally. That started not because of the conflicts of the 80's but because of Mitch in 1998 generated a whole reason of economic dislocation to go. Guatemala I think because of the crime and violence that started during the 50's and went on making it difficult for the country to

grow and provide opportunity had had a rather steady flow of immigrants over the years. That is my impression.

Q: Well I talked to somebody, I think they were referring to Guatemala where the violent culture is such that if something was bothering you for a reasonable price you could get somebody killed.

FORD: Exactly. There is the American dream piece. But a lot was Guatemalans being pushed out rather than pulled in to the United States. A lot of people that I know leave the region because they are afraid for their life. Another point I will make when we talk about Honduras, but the illegal immigrant is often not the poorest person. It is not the unemployed person. It is the person who has some step up on the ladder and has the money to get out, because usually a person is not going to get out on their own but will hire someone or get into some circuit of people who can traffic them up north. So it is a double whammy on the home countries. I am glad you made that point. Most of the people I know don't want to leave their country. They don't go only because they are pulled by the American dream. That is a piece of it. But a lot of them leave because of the violence and the fear they will get killed.

Q: Well as Americans did you feel the violence?

FORD: In Guatemala it was a fairly violent country. Again, there is historically a lot of violence because of the lack of a rule of law to resolve disputes peacefully so many take justice into their own hands. Later there was added violence due to organized crime, illicit trafficking in drugs, children and guns. In my time I didn't feel the violence. We knew where we shouldn't travel to get in the middle of the crossfire. There wasn't any targeting of us at the time. Our home was safe and we didn't need stationary security guards. I understand general security conditions have worsened quite a bit in Guatemala in recent years, but in '88 to '90 I didn't feel any extraordinary concerns. You always had to worry about car accidents with people driving under the influence. There was maybe a heightened sense of security in that way, but no criminal targeting of us and no terrorist targeting of us at the time.

Q: Did you get involved in things like that. I know in Colombia this goes back some years, and has probably changed, but you mentioned the cut flower business. There may be a high degree of it is a certain kind of soil that makes the flowers grow fast and all that, but it is kind of toxic. Did you get involved in concerns that our demand for flowers and other grown things were creating a dangerous situation?

FORD: That is a great question. You had a concern you are right, Colombia and to a lesser extent Guatemala had the soil and the kind of year round growing seasons that made it a very attractive business. You needed many other things as well. For example, there are the daily airplane flights and the ability to really package these things and get them out quickly and efficiently. We also had the Animal Plant Health and Safety Agency, APHIS, in Guatemala. Not the FDA but APHIS. We worked very closely with the growers as did AID which funded some of these diversification projects to make sure

that these exports were inspected and were judged not to contain anything that was harmful to consumers. Now these were the days of the Caribbean Basin Initiative. My understanding from my friends in Honduras was the Central American Free Trade Agreement which was just passed in 2004 and 2005 has much more stringent requirements on the conditions for workers safety and treatment and on the environmental front. So hopefully there is a much more in depth examination of labor, safety and environmental issues before perishable food products are exported.

Q: Well were you doing the sort of normal job of looking around for trade opportunities?

FORD: Yes, that is the core function of the office, and it was tough to do. I was the only officer and we had three wonderful local employees. Fortunately, we were allowed to do cost recovery programs so that I could expand staff if I could find a way to pay. We charged money for more detailed work. But the core group program never varied from the same basic function of looking for trade opportunities. That often means trying to talk to as many Guatemalan companies as we could to learn what they were searching for and make ourselves known so that people would come to us with that information. It is a lot easier today with a computer. Computer usage in many developing countries still isn't as high as in Europe. But the goal is to know what the demand is. The challenge for those of overseas, was how does the right information get delivered to the right person in the U.S. to take action.

Q: I would think there would be a problem because when one thinks of Central America, correct me if I am wrong, it is not like a Europe or a Thailand or something where there is heavy emphasis on training workers to be productive in the electronics business. The sort of things we were looking for, the skilled laborer.

FORD: That is a great point Stu, because it still haunts us today when we have the free trade agreements. In the 1980's we used preference programs such as the Generalized System of Preferences (GSP) or the Caribbean Basin Initiative (CBI). We didn't demand anything from the Central American countries in return for opening up their market to us. We just said it is in our interest that you could sell to us. The trade agreement then becomes even more challenging because there is a two way commitment now. They will open their market and we will open ours and these are permanent commitments. These are great for the U.S. since our market was already opened unilaterally with no concessions years before. That is why I am always puzzled when we don't see our own self interest in passing free trade agreements in Colombia and Panama. But the challenge for the country then that you worry about is unless they are going to be investing in a serious way in their people and in the health care of their people, they are not going to be able to move up the value chain to make the products that we need and where they can make more money. I think it is one of Latin America's challenges with the exception of Chile is to move higher up the value added chain of production and trade and away from the lower value added piece of commodity exports. In my view the opportunity is there, but the countries must invest much more in education and health and be open to new public-private financing. A healthy and more educated workforce can create the opportunity, take advantage of the opportunity.

Q: This wasn't happening in…

FORD: It wasn't happening back then. I will say like everything else these are always tough judgments to form. I was struck while on vacation in Guatemala two or thee years ago how much had changed. I hadn't been back to Guatemala since 1990. And I went back in 2006. One of the things you noticed as you went out of Guatemala City up to the highlands towards Lake Atitlan, the highway and scenery were very transformed and modern. Not so much because of the road that was widened but because you saw factories and schools alongside the road plus indications that tourism was important. There was no sign of these features twenty years before. For Guatemala and other countries of the region, it will be a huge advance if all can obtain and be guaranteed a sixth grade education. I understood the ability to go to school to get to 6th grade. That is an aggressive goal. You can see the effort. My own sense was there needs to be more urgency to get it done more quickly. Or if not, the world in terms of Asia or other more dynamic countries are coming on so strong they will never catch up. That is my own judgment of both the opportunity and the challenge. Everything is happening so quickly there is literally no time to waste!

Q: How did you find working with the embassy?

FORD: It was fantastic. As I became an Ambassador later on in my career I tried to use the model of that country team and Ambassador Michel's leadership for my own best practice. During my career, I realized that many times we had success due to the serendipity of having the right people and personalities together at the right time. That is a part of it, but part of it is leadership and with the right leadership it was amazing what we all could accomplish together. What I enjoyed is there wasn't any stove piping, and the Ambassador ran a team that actively encouraged teamwork. So for example in a country like Guatemala, in doing my job and attending many social events in the evening, I would pick up information that wasn't useful to me at all but were very interesting insights into the politics of the country and to what was going on and how others see it. I would make myself available to write political cables for the political counselor. We did that kind of collaborative work.

Q: Well were all your eyes and ears fixed on developments in Nicaragua at that time?

FORD: Not really. Obviously you knew what was going on in Nicaragua, but we had our hands full if you wanted to collaborate with our Guatemalan partners to deliver an alternative vision which was fortifying the democratic institutions of law and promoting open markets. That kept us going. You are aware that El Salvador had its civil war going on. If anything there was more talk about neighboring El Salvador than Nicaragua.

Q: I would imagine thinking about it, you bordered on El Salvador.

FORD: We weren't allowed to drive down to El Salvador in the late 1980's. When I lived in Honduras recently, I actually drove my own car to Guatemala for vacation, through El

Salvador. The Regional Security Officer would have preferred that, as Ambassador, I not do that, but I over-ruled him. That was a trip I couldn't have made in 1988 because of fear of robbery or civil war. So it is important to understand how much progress has been made even though so much more needs to be done.

Q: Was there a Cuban influence in Guatemala when you were there?

FORD: No. I don't believe at that time the government of Guatemala recognized Cuba. There weren't the teacher programs or the doctor programs that you see in the region now. I think today all the Central American countries recognize Cuba. I believe El Salvador with its recent election was the last to recognize Cuba. Cuba for many years has had a presence in the countries through their doctors and teachers who often do other things than teach and provide health care. But I didn't notice any significant Cuban presence at that time. There would be the occasional stories in Guatemala about Americans kidnapping babies and selling their body parts. One could speculate as to who was planting the stories and creating that negative atmosphere. It became interesting to see more and more Americans were coming to Guatemala and legally working with the Consulate to adopt Guatemalan orphan children.

Q: What were the dynamics the policy of adoption?

FORD: Well, couples in the States that weren't able to have their own children saw that Guatemala, unlike some other countries, had an actual legal regime to allow for legal adoptions. I became more aware of this because more and more often the people I am promoting to come here and look for trade opportunities were interested in determining if they could adopt a child here. Our consulate had a list of Guatemalan lawyers who would work with them. In effect, I referred any inquiries to the consulate which had the American citizen section fully geared up on how to advise people to do this the right way.

Q: Approved lists.

FORD: Yeah, approved lists, and there was a legal way to do it. Go through the hoops and don't do any short cuts. So I think the disinformation campaigns were quite actively growing as groups not friendly to us tried to create a fear of the U.S. among Guatemala public opinion.

Q: How about the military and the Guatemalan military?

FORD: We worked very closely with the Guatemalan military on the fight against drugs. Obviously the U.S. military also worked very closely with them to understand the importance we gave to civilian rule of the military and to civilian rule of the country. So we had very close relationships. I think that is one of our advantages. I am not one of those who see the relationship between the U.S. military and Central American militaries as a bad thing. Actually I base that on my knowledge of our education and training programs in the areas of advocating for a professional military under civilian rule as well

as the protection of human rights. We worked very closely with them on human rights issues.

Q: How was social life there?

FORD: Social life was very enjoyable. It was a very attractive post for a family with young children in that there was a very relaxed social life at home and with friends and there were so many wonderful places to see and explore. It was a wonderful post for young children as most restaurants were very accommodating and much entertainment was at each other's homes. Tikal, the ruins at Tikal, was a nice airplane flight you could take for a day trip. So there were things to do. But a lot of our social life was just going over to each other's homes and having a barbecue and chatting. Good schools and a very nice social life. The Guatemalans were very open to have us engage with them socially. I had many invitations to visit with the Guatemalan business community and talk with them about business and politics.

Q: Was there a unity of commercial services in Central America at the time?

FORD: No. But by the late 90's we actually had a regional Senior Commercial officer in El Salvador. So you have a network of FCS offices in Guatemala and Costa Rica as well. Honduras has local FCS employees and Nicaragua was handled by the State Department. The post in El Salvador oversees all of the work in the region, which is another testament to change, as we did not even have an office in El Salvador when I was in Guatemala due to its small size and civil war. I think that reflects what has happened since that period of the 1980's. It speaks to the success of that model, as limited as it might be, to promote regional integration, democratic governance and open markets. The trade programs did that. So you now have the CAFTA free trade agreement for the entire region including the Dominican Republic. It is a region that people look at. American business rarely thinks of Honduras or Guatemala anymore. They all want to do something in Central America. It is like the EU in the sense that companies look to put their business in Guatemala because they want to service everybody in the North American and Central American marketplace. So we have readapted. I think it is much more effective to have the El Salvador office look at the region and not just offices in each country. There are two officers in Salvador, one of who just follows El Salvador but the senior officer is responsible for looking at a strategic approach for all of the countries.

Q: Any sort of American business that were introduced to Guatemala while you were there?

FORD: Well I worked a lot with ATT that was interested in bringing modern telecommunications to the country. They weren't that successful. I did help American Airlines come to the airline market. They had the rights to come there, but they were being blocked because Aviateca, the government run carrier, didn't want any competition. Eastern and Pan Am were the two legacy American carriers. We helped overcome the Aviateca opposition and helped American Airlines come to the country and ATT come to the country. Those are two that come to mind. There were many trading

relationships, too many to recall. We established new products and services that would be offered there.

Q: How were you relations with the Department of Commerce?

FORD: For Guatemala?

Q: For you.

FORD: Oh in general they were outstanding. I think over my 28 year career I have served in every position that I was eligible for, including serving as Acting Director General, the chief executive officer position. In fact after Guatemala I went back to Washington and spent the next four years in Washington beginning my tour as the trade policy director for Latin America. Next I was assigned to work as the Regional Director for Europe in the Foreign Commercial Service office, going on to become the Deputy Assistant Secretary for International Operations. This was the senior career officer position in the organization. After the 1992 election, from 1993 to middle '94, I was the Acting Assistant Secretary and Director General of the United States and Foreign Commercial Service. So I spent the four years after my assignment in Guatemala in Washington splitting time between the last two years of the George H.W. Bush administration and the first two years of the Clinton administration with Ron Brown as Commerce Secretary. I think those were the best four years to be in Washington doing commercial diplomacy and trade promotion; it was a very intellectually exciting period. The Cold War had ended. Larry Eagleburger as Deputy Secretary and then briefly Secretary of State started to talk about commercial diplomacy becoming more important. I know that during the Cold War the confines of our diplomacy, for good or bad, were often shaped by our engagement with the Soviets. With the ending of that period and the tearing down of the Berlin Wall, our minds were opened to imagine what we could be. So for four years working first with Susan Schwab who later on became the U.S. trade representative in the George W. Bush administration, and Ron Brown, Jeff Garten, David Rothkopf and Lauri Fitz-Pegado in the Clinton administration I was given an extraordinary opportunity to collaborate and design what the shape of our organization going forward into the most dynamic phase of the globalization process. What is our mission? How do we get the resources to do it, and where do we want to do it? So my relationship over my entire career has just been outstanding with Commerce. The frustration has been more about really helping each administration for whom I have worked come to understand how commercial diplomacy can be so important in their overall tool kit. How it is more than just helping business sell something, but how through doing commercial diplomacy we can have some major victories in terms of our public profile that we have in the country and the ways you can achieve some other diplomatic goals. I use the Guatemala case a lot. In Guatemala we did things for American business, and helped American companies but the program was basically designed to help democracy succeed, not us creating it but supporting its creation by the Guatemalans. The commercial piece was a huge part of that success in my view. Just as it was in Argentina, where we used commercial diplomacy to reset our relationship after the Falklands/Malvinas conflict. Business to business is the way we chose to go about that. You think back to the ping pong events and other business

issues we deployed in China before Nixon went to China. So, I had that privilege to be back in Washington when we were reflecting on a new vision to our diplomacy after the collapse of the Soviet Union. I hope we re-create that sense of passion and dynamism again soon.

Q: This is '90 to '94.

FORD: '90 to '94. It was Susan Schwab who was spectacular thinking about our mission, about what is the government's role in promoting business. Because when you heard me talking about these assignments in the 80's we were everything to everybody. We did not have a corporate core program or strategic mission. At this time we had also spent a decade as a separate agency, not in the State Department structure under the Economic Section but separate. So we really tried to come to terms with what is the U.S. national interest in promoting business. What is an American company? It so happened that the opportunity to be a part of that for the next four years was afforded me which was hugely exciting and also propelled me forward in my career. For good or bad I was less than halfway through my career, and I had performed the top job in the organization, so it was an interesting challenge going forward, but fortunately I was always able to find that next exciting thing to do to keep going.

Q: Well one thing you were doing in say the '90 to '94 period, I know I was in Korea in the late 70's. Hearing on the commercial side there was a real problem. The Koreans did not want to buy Japanese basically. But the Japanese could produce stuff and the Americans would, again I caught a case of fire engines. Well the Americans had a good fire engine market in the United States. So they weren't going to go particularly out of their way to accommodate the Koreans or go after it, because they had their own interior market within the united States. And this is true of many other things. How stood it with, we are talking about more than a decade later…

FORD: Even today this is one of the biggest frustrations I continued to have in my career. Because we had such a large national market, whether it was what you were describing in Korea in the late 70's or trying to help Argentina build locomotives. The problem wasn't the Argentines. We couldn't get the Ex-Im Bank and GM in the US to do it. Mainly it was the Ex-Im bank because of debt problems in some countries like Argentina, or the Spanish desire not to be dominated by Germany or France. We couldn't focus there because the dollar was too strong. This wasn't my area so much but we worked a lot with Agriculture to promote wine. These guys could be very successful in overseas markets if they would understand that they were not seen by overseas consumers as competitors with French wine. If you are going to come into Latin America and price yourself against the Chileans but up against the French you are never going to get the opportunity. So I always wrote a lot of this lack of interest off to the size of our national market and the competition we face here is good enough for so many of our companies. I am saying that most of the rest of the world is California wine competing against the new world wines as in from South Africa, and if you get yourself in the market then you can go up in price. But you are not going to go in there where most consumers believe your product is as good as France because that is what the French have established as their brand over many

years. I remember GM in Argentina, it wasn't so much the company but debt problems in Argentine that prevented support by the Export-Import Bank. Our banking system continues to take a very conservative attitude. Again it is because sometimes we don't have the government programs to back the bank up with guarantees that the Europeans have. So you will find the Italians or the Japanese very aggressive overseas with their government's financial support. So in the end our large and competitive internal US market and conservative private sector banking system hinders our ability to compete overseas. That is my personal view.

Q: Well from the Department of Commerce in your position you could see what the problem was, but what could you do about it?

FORD: Well that was another issue because so many of the solutions were not handled by Commerce. Often it was the Treasury Department or trade finance agencies such as the Export-Import Bank, Trade Development Agency or Overseas Private Investment Corporation that needed to take the initiative. We could talk to our main constituencies, American business, and also through their trade associations directly talk to them about the problems and the barriers, and that is what we did. So the core business has always revolved around knowing what the overseas market wanted and passing that information to the manufacturers and exporters. The frustration was that as a federal government we do not have a strategic way of looking as a country at our national interest in the export promotion area and the corresponding desire to promote broad-based employment growth. Guatemala was interesting because there was this national interest determination that we made in Central America at the time to promote democracy and open markets. It was seen as a winner for the U.S. and for the region. I think we need to be more aware going forward and develop a strategic pathway. After the financial crisis and Great Recession of 2008-2009, consumer spending is going to stay down. Government spending can't I think go on forever at current levels. Business inventories won't increase because business has excess capacity. So now you see American companies once again looking at overseas markets. I was talking to some people just this week about opportunities for me to work with them as I retired from the Service. The interest is up enormously again because American business is looking overseas, as we are want to do when there are downturns in the U.S. It is my view that this is not sustainable. I think this is a great moment again for the government to look at defining a new mission and role for government programs so as to increase the number of American companies that export and insure that exports become a permanent part of their business model. Finance remains a key area to shore up as will be the commercial advocacy overseas to make sure that we are competing on a level playing field in selling the products.

Q: I know I wrote a book "The History of the U.S. Consular Service." Reading consular reports back in the 1860's and 1870's Traders who left America if you are selling cloth which was a big export of ours, but the thing was each country had sort of its own it should be so many meters wide and they tax according to that. Our people were saying we don't do those sizes. Well, consul was saying, "For God sakes do those sizes or you won't sell them."

FORD: Well we have been at this for over 200 years! Again go back to the enormous size of our national market; you are bringing back all sorts of memories to me from other cases such as Argentina. Well we don't make products for that size of market with that much political and financial risk, some companies would say. Ok, so we have this large national market and we are doing all to scale and I do not need to be flexible. Other countries will be flexible, and they will figure out a way to get the size made that the market demands. Again I think that we are both blessed and cursed with the U.S. being such a big market because it leads people to be more rigid about what else they are prepared to do. It was part of the problem Central America had in reverse. Wal-Mart wanted to buy such a large volume of a commodity or a product that they couldn't reach that scale in Central America. So the volume issue and the size issue and the standards and specifications issues are market barriers that need to be addressed. They are over and beyond barriers that governments place in the market. And you know you still have today, you don't hear much about it anymore, the metric versus the English system of measurement; informal barriers to trade for some because they just didn't want to build their product in the other system.

Q: Well let's talk about your job in the Department of Commerce. You say you had a variety of jobs, but did you sense sort of a vibrant Department. Going back when I came into the Foreign Service, this is the place you wanted to steer clear. A bunch of old fuddy duddies there.

FORD: That is a great point. I went through it a lot there now in terms of what the Commerce Department and the Foreign Commercial Service relationship has been. To answer your question, in that period I found a very vibrant department. The same as I did when I came into the FCS in 1982. A lot of that related to the leadership capacity of the Secretary. Secretary Malcolm Baldrige at the beginning of my career was quite a business leader and brought a vision to the Department in the Reagan administration that gave us a lot of energy and excitement. Secretary Ron Brown lived and breathed international relations and international trade work. He had a passion for it, and a commitment and that rippled through the whole organization. If you had as I said, Susan Schwab and then transitioned to Jeff Garten, David Rothkopf, and Lauri Fitz-Pegado there was a four year period that I am referring to where that stodgy old department got shaken and stirred in a way I have not seen since. That has not been the norm over 28 years. I am not willing to say that those two secretaries alone are the only ones to highlight. There have been many other great secretaries. There is no one I haven't worked well with and for which I had high regard. These two Secretaries though really penetrated the bureaucracy and got it to do something. The problem for the Foreign Commercial Service, and I say this as someone who came in from the private sector, has been the Foreign Service--civil service culture and different personnel systems. I remember reviewing the oral history that Earl Higginbotham had done about FCS being created. He was our first head of agency and came over from the State Department at President Carter's request. FCS was supposed to be attached to the Secretary's office. For a variety of reasons, the senior career civil service in the trade bureaucracy created the International Trade Administration and buried the FCS within the bureau working for them. So you have this I think very strange organizational system in the trade part of commerce. When you talk about Commerce it

is a huge conglomerate. I don't envy the Secretary of Commerce who has the Patent and Trademark office, the National Institute of Standards and Technical regulations, the National Telecommunications and Information agency. NOAA. Half the department is NOAA, the National Oceanographic and Atmospheric Administration. A big player in climate change, NOAA has 50% of the resources of the entire Department. In the International Trade Administration you have the Foreign Commercial Service that operates almost 200 offices in the US and over 70 countries. Our budget was about half the price of one weather satellite. From the moment I came back from Guatemala, I was actually in the policy shop in the trade area as the Director for Latin American trade policy. You can think of it in a State context, as if you didn't have any Foreign Service officers serving in the regional bureaus. Not that there is anything at all wrong with a civil servant who stays in Washington and never goes overseas. There just is a different skill set and perspective on the mission that one gets from serving most of the time overseas.

Q: But you don't have what the Germans call Tinkerschnitzefuelle which means the fingertips about how things work in a foreign climate.

FORD: So when I came back to do that from Guatemala and I had been in Argentina, I was part of what was the Enterprise for the Americas Initiative that later on became the Free Trade Agreement for the Americas. I knew the people who came to visit. I got to know more key players in Washington so there is a vibrancy that one can bring to this when you exchange positions. There is a mix to be had between Civil Service and Foreign Service. I was really pleased to see this for the first time only in recent years, with a Deputy Assistant Secretary at Commerce on the policy side for Asia who had been the senior officer in Hong Kong and worked 20 years in Asia. Well, that is invaluable to the Department to have a person that really has knowledge of the area to that degree. I think what happened initially is that you grafted on the Foreign Commercial Service out of State, put it into Commerce, and it never really was integrated in a holistic way into the organization. Therefore it never reached its potential. I understood the goal which was to have an independent cabinet agency dedicated to international export and business promotion. We were not in State doing multiple functions where the only way you get ahead is as a political officer. If we have a really big dispute the Commerce Secretary can argue it directly with the President. Right? So that is the rationale that President Jimmy Carter used after the Tokyo Round was negotiated to move the FCS. Commerce, after fighting to reclaim the Service it lost in 1939 never really cared enough to integrate it into their bureaucracy. I think this has been a loss for Commerce, and I think now is the time to look at the function again and to decide how it should be organized and where it should be placed in the inter-agency. I know the U.S. government hasn't done nearly what the private sector has done in terms of streamlining and reducing bureaucracy and hierarchy. Personally, I do not prefer consolidating functions into large cabinet offices like Homeland Security. Look at how that behemoth has performed and the state of employee morale. I am more in favor of lean, clusters with centralized strategic direction and decentralized operations. I would rather have small trade groups under strategic direction rather seek consolidation into large departments. In other words have FAS, FCS, have those Foreign Service agencies that have customers, that have clients and are

advocates, keep their programs independent but give them more direction from the White House National Economic Council. They can fit into the tool kit and not be run as domestic programs that don't really relate to our broader foreign policy goals and objectives. I don't know if that makes sense to you.

Q: I don't know about commerce but somebody told me one problem about the Department of Commerce is that various administrations have set it up as a dumping ground for political appointees. You don't know where to, so and so did great on the campaign but where the hell. What about the department of Commerce because everybody buys things. This is a gross exaggeration but it had that reputation.

FORD: I have heard other people say it is where the Republican National Committee and the Democratic National Committee go in waiting until the next campaign. That is unfair, but I believe there is quite a bit of truth to that point of view. It is nice to see how State and the other more senior Departments integrate in political leadership with the career political team kind and meld them together right? And I think that gives the Administration a stronger program. There is not doubt that the political team leads it but you need strong career leadership to get it done right from a public policy perspective.

Q: I recall I spent a year as sort of the sole political advisor, it never happened again, to the immigration and naturalization service. This was during the Reagan Administration. They had big meetings and I would sit there and look and there was one other man who had his belly up against the counter. I had been a consular officer and he was the head of the border patrol. All the rest were from the outside. Law enforcement, I mean they just weren't immigration. They were running this organization which was very poorly run I have to say. People really had no…

FORD: That is just a tragedy when that happens. The four years I happened to be in Washington were very special as we had a talented group of political leaders arrive whose personal agenda lined up very nicely with our policy and program agenda. You can really accomplish a lot when you have that kind of political leadership, defining the policy mission and placing it within the broader context of administration policy, and integrate a talented set of career officers into the team to enhance the process, achieve desired outcomes and insure continuity.

Q: During this time you went form the Bush to the Clinton administration and I am sure that neither Bush nor Clinton spent a lot of time sort of the commercial side of things, at the same time were giving it stronger support than probably anyone else.

FORD: Yes. During the Administration of President George H.W. Bush, Deputy Secretary of State Lawrence Eagleburger sent out instructions to Ambassadors underlying the renewed importance to be given to commercial diplomacy. Again the Berlin Wall had been torn down. Robert Mosbacher was Secretary of Commerce and Susan Schwab was his Assistant Secretary for the Foreign Commercial Service. She conducted a first ever strategic review of the FCS mission and established the public policy rationale for commercial diplomacy. Importantly, she did the review in a way that achieved buy-in

from the stakeholders in the Executive branch and on Capitol Hill. And to the credit of the Clinton administration they came in, accepted the work that had been done and then decided to elevate even further our commitment as a nation to support US exports and investment. I would say building on the work of the first Bush Administration, by 1994 President Clinton would weigh in on commercial issues in ways that had never been done in the post-World War II era. Times had changed. There was now a broad understanding that our commercial success overseas was vital to our economic strength at home which in turn sustained us as a global power. I found enormous interest in the White House and of course Commerce Secretary Ron Brown, with his visibility charismatic personality. Of course both he and the President generated all sorts of accusations by political enemies of conflict of interest. Frankly I thought these were driven by jealousy that some of the business constituency would end up backing the Democratic side. Brown would take trade missions to India and other new emerging markets. The Clinton administration invigorated an entire program and then said, given limited resources, they were going to focus on these ten countries and these new emerging sectors. Now this approach became controversial with accusations that the government was picking winners and losers. As a career officer and leader we had to insure that all eligible companies were able to be assisted. But the policy intention was a good one, to identify the most attractive markets and areas most in need of U.S. products and services. As opposed to focusing on the entire world.

Q: Also planting the seeds that would move somewhere else.

FORD: Exactly, and once you continue the planning process to allocate resources to high priority targets over time, the result is to create a form of strategic thinking. It wasn't just Commerce, but Commerce leadership with White House support, brought the Export Import Bank, the Trade Development Agency and other trade agencies around a table to determine our strategy for Indonesia to both expand American investment and trade and also to help accomplish our national security goals. So it connected the trade program, not trade policy. That is another area, but this active tool you have of bringing American business together with other countries business communities in pursuit of a larger national security goal has enormous power. So for me this was the most invigorating period I witnessed in my career. It continued through the mid-1990's. As a country, I understand and respect that we always will be of two minds in terms of commercial diplomacy. One view holds that there is no role for government. That it is the private sector operating within free markets that should be our focus. And there is another view, that there is a limited but very important public policy rationale that makes this a government program to be supported. Primarily it is a defensive tool to advocate for our companies as they face unfair foreign competition, but there is also a market imperfection to be addressed where some firms have the product and service but are unable to gather the information and contacts that they need to enter foreign markets.

Q: Well I am looking at time, this is probably a good place to stop.

FORD: Yes, we can maybe pick up Washington and London and the rest of it. We talked more about Barcelona than I thought. That is one of my favorite assignments and such a beautiful place to live.

Q: OK, today is 6 January 2010, Epiphany.

FORD: Let's see if that brings us any new thoughts.

Q: Well what did this do when we had trade delegations? I mean what were the repercussions there?

FORD: Well that is a good point because I thought it was very important in my own mind to not let that event and my need to be where I needed to be at the time interfere with the need to get back to the trade delegation, and to not lose that story. But clearly it had an impact on these are small and medium sized companies. Clearly it didn't send a message of a stable, risk free place to come if you are looking to invest. Long term I don't think it had any impact at all. I mean you had the Olympics coming in '92. This was the beginning of a period of great awareness internationally for Barcelona and for Spain. I think I mentioned the Russians and the Japanese opened consulates in my brief two year stay there. In the big picture this was not a major impact. Clearly for these 23 companies the bombing of the consulate and the lights flickering away at a dinner didn't provide the kind of feel that most companies like to have. Of course it was stressful very much for the senior leaders of the Catalan government, the Socialist mayor and the Nationalist governor of the province, both united in this process obviously wanting to signal their openness to international trade investment.

Q: OK, you are sitting there and everybody is enjoying it. Who did what when the lights went out?

FORD: When the lights went out, and being in an old building and prepared for this, the candles came on and we finished the dinner. It was late in the dinner when the lights went out. We had about an hour and the buses came and the lights went on and we went back home.

Q: So did you get up and explain…

FORD: No, basically someone from the provincial government got up and told everyone to stay calm, and this was a failure that originated in La Rioja or something like that, Pamplona, and explained it away that way. Because of a nice variation of local business and government leaders and our guests, everyone made light of it and talked and frankly the setting with candles was just a wonderful setting overlooking the plaza, so the initial sense of fear and foreboding went away. It wasn't like we were in some hotel room where it might have been more ominous…

Q: Because we have had, I have had people describe delegations being in Ethiopia with machine gun bullets going over some sort of non governmental organization international meeting, and everyone is on the floor.

FORD: Exactly. That brings back a memory of Barcelona. I went to Guatemala and we talked about trade. The biggest thing I had to explain to the American investors was why we were being escorted by armed guards to this investment opportunity. I explained to them that is just how it is done here and we were very safe. So you have these events trying to explain to people, coming from different environments, when you need worry why the armed guard is present and when the armed guard is just part of what you have to deal with and factor it in to your risk evaluation.

Q: OK, well where did we leave off?

FORD: We left at the end of Guatemala and I was coming to Washington, and there was a four year period in Washington we were going to talk about.

Q: Ok, let's talk about the four year period was when to when?

FORD: October, 1990 to July of 1994.

Q: What were you doing?

FORD: Well I had three fascinating jobs that all came together for me. I think what unifies them is this latter period in the George H.W. Bush administration and the first part of the Clinton administration, trade promotion and commercial diplomacy became really the centerpiece of the international discussion. So I came back at the request of the Department of Commerce based on the work I had done in Guatemala. It was an interesting position. It wasn't in the Commercial Service but in the policy department to head up the Latin American trade policy office at Commerce. This was a period of time after the Caribbean Basin Initiative had been put into place that the Bush administration began a project called Enterprise for the Americas that the Clinton administration transformed later on into an attempt to negotiate a Free Trade Agreement of the Americas. I headed up the trade policy office in Commerce which was the first time a Commercial Service employee had gone outside of the trade promotion operation to do that. I was there only a year because our FCS Director General, Susan Schwab asked me to come over to her headquarters operation and become the Regional Director for all of Europe, running the European operation for the FCS. Within seven months I was elevated to become Deputy Assistant Secretary for International Operations, leading our entire global operation. After the 1992 Presidential election, as the senior career officer at headquarters, I became the Acting Assistant Secretary and Director General from February of 1993 to July of 1994. It took awhile for appointees to be confirmed and I was acting in the administration of President Clinton and Secretary Ron Brown at Commerce. I mention all of it together because it wasn't a four year job, it became a very interesting move back to Latin American trade policy and took me to the center of the Foreign Commercial Service and into the discussion about the future of commercial diplomacy.

Q: Well let's talk about this. You have been out of Commerce, I mean you have been a field man.

FORD: Yes, I had never worked in Commerce or State in Washington.

Q: So when you came back there what was your initial impression of the atmosphere the connection of the Department of Commerce or even investment in trade. Because it has got so many facets in the Department and huge domestic interests and all.

FORD: No it was fascinating first of all for someone who had never worked in Government in Washington, but worked in the private sector dealing with government in Washington, so I had an awareness of the various Departments. It was interesting to get used to the inter agency and to try to understand how the inter agency worked, how Commerce related to the USTR and State and Treasury in the economic area. It became interesting to see how this very rich agenda we worked on in the field in a very practical and tactical way helping companies, American firms investing and trading and major projects in infrastructure integrating into a country routine. How that agenda and work program didn't happen or happened in a different way in the Washington context. So it is interesting to see where Trade fits within the Commerce Department. Then secondarily how does the Commerce Department work with State and Treasury and USTR and other agencies on trade issues. That is where I began to be concerned again not having come from State and not having come from Commerce but from the outside. To me it was a fractured interagency process to look at what I would call commercial diplomacy. There is something called trade policy obviously where the USTR was doing the Uruguay round, that was launched during my first assignment in Buenos Aires in 1986. It didn't finish until 1994 when the Clinton administration was able to obtain approval from Congress. That is just a piece of what I would call Commercial Diplomacy. Whether it was Guatemala or Spain in very different ways how does one use the private sector relationships to buttress foreign policy objectives. I think this world of Washington of 1990 to 1994 is distinguished by the early years after the collapse of the Soviet Union. Both the Bush administration and the Clinton Administration wanted to look at how we could take advantage, how we could get commercial advantage in this world but also how we could use the commercial relationships to help develop new engagements in our overall diplomacy. So it was exciting whatever we did. I am also trying to communicate I found it rather fractured in the interagency to get that discussion going. The Clinton administration was particularly creative and inventive with the creation of the National Economic Council.

Q: Well having been a field officer you were part of a country team. I mean you know you are completely in the thing. Did you find that Commerce was not as well connected to the State Department as it should be like you were used to?

FORD: Yes, I found disturbingly that we weren't connected too much of anything. But it all goes back to the beginning and the way that the Foreign Commercial Service was transferred to Commerce which made it virtually impossible to connect the dots in the

right way for a State- Commerce discussion. In Commercial diplomacy the two main players are the State Department and the Commerce Department. The lead has always been the Commerce Department. Even when the commercial positions were at State, my understanding is that the State Department commercial program was instructed by and directed by Commerce Department officials in Washington.

Q: I was known as vice consul, a very lonely position in Saudi Arabia. I was a commercial officer for awhile running around doing trade reports and trade opportunities and all this. Basically I was working for Commerce.

FORD: It has been very hard to have the kind of dynamic creative discussions you could have liked between Commerce and State on commercial diplomacy over the years. There also has been of course the lingering resistance and resentments in both departments. I don't think that exists today, but it did back in the 80's or 90's.

Q: Sure, this is a problem because if you are doing trade opportunity and trade reports and you are an economic officer, you are aware of the conflicts occurring throughout the community at more of the root level for your reports about how things are going more generally in the country.

FORD: Exactly. In some cases in developing countries, say Argentina but particularly Guatemala and later on in Honduras, also the commercial officer has more insights to pass on to the political officer than maybe the economic officer because the senior business people in the country are more directly if you will engaged in where the politics go in a country and what position was adopted on issues in the political sphere. There again at post a good Chief of Mission recognizing what people are doing can create this environment. It doesn't flow as naturally as it would in a more integrated world. Now I am not arguing where the box needs to be place, but you have to recognize that after 29 years as an independent agency called the Foreign Commercial Service it doesn't work nearly as effectively as it could if in whatever way it was recognized and integrated into foreign policy and national interest considerations. There were many ways to do that, putting it back at State or putting it in a cluster and having it report strategically to the Director of the National Economic Council. But we have lost really the ability to capture a lot of good information that can be used for other national interest priorities and not only straightforward trade relations.

Q: The reverse is also true. There was a problem that the State Department would let commercial interests go almost by the wayside. You know you have this, well we have had a base agreement or this. I used to find this as a consular officer where we don't want to protest the imprisonment of so and so because you don't realize we have a base agreement or something going on. It is the….

FORD: You are pretty much making the point for why State lost the commercial function. That was one of the driving forces for President Carter, in terms of getting approval of the Tokyo round, to separate the commercial functions from State. And I think there also was a sense that this was a function that you didn't get ahead on at State

from a career point of view. I think that has changed, but you sure didn't get ahead by making your whole career doing economic and commercial work. There was also another thought that you needed a specialized group of people ideally working in the private sector and an independent cabinet agency to defend these interests. These were all aspects of that discussion. I regret to say despite heroic efforts by Ron Brown to get the White House to make some hard decisions about where resources went and how to organize the commercial diplomacy function, we never quite got over that, and a lot of good things that were happening in the 90's kind of then fell back into the a bureaucratic morass where they remain today.

Q: Well did you find yourself in the position of at your level fighting the battle with the State Department on issues and winning or losing?

FORD: Going back to the way Commerce organizes, the people that fought the battles weren't in the Foreign Commercial Service in Washington. They were the Assistant Secretary level people that handled the country desks. So the commercial issues as they would bubble up, big business would take them to the Commerce Secretary and they would be managed if you will by the country desks. Some country desks, and I am talking at all levels here not just the desk officer, would do a good job of trying to integrate the Foreign Commercial Service office point of view from the field. Headquarters for FCS wasn't part of that conversation. My big challenge in my time as Assistant Secretary and as the DAS was to open offices with no money in the former Soviet Union. So I was over in Moscow figuring out how to become present in the former Soviet Union with no additional money. It was a fascinating chapter, and we did quite well I think.

Q: Well were you, many of our colleagues were dealing with this when the Soviet Union split apart. Secretary of State Baker made what was considered by many to be a terrible mistake for purely political purposes. He didn't ask for more money. Did Commerce have to follow suit?

FORD: Yes, we followed suit but the U.S. and Foreign Commercial Service did receive new money during the first years of the Clinton administration. I believe it was the first real increase since our formation. We largely had a flat line budget until then and couldn't keep up with inflation and exchange rate losses. Also the base resource transfer that came from State probably wasn't at the right level in the first place in 1980. It only got worse in the 80's. I still remember opening the office in St. Petersburg in 1992. I wasn't allowed to do this through a contract arrangement. So we had to actually put our officer, still a very good friend of mine, on a ship that was in the river area, whatever, as that was all we could afford. It was OK, when the river was frozen.

She wrote back saying once the water flowed, the ship was going up and down and she was getting incredibly sick trying to work in that office! So we just went hand to mouth to get enough money to operate month to month. Now getting into the newer countries of the former Soviet Union, I invented a very different proposal where we didn't open a U.S. and Foreign Commercial Service office but rather established a public private

partnership, where we went out to bid saying the government will give you a block grant and you put three times more in and perform these services for U.S. companies. That is how we opened the offices in Vladivostok and Kazakhstan and some of the other countries. Those offices were great. The reason I liked this approach is it minimized our exposure to an area we weren't sure was ever going to be an area of interest for our businesses. You might recall that the division between FCS and State put FCS in the major U.S. export markets. We inherited offices in approximately 70 countries, maybe 65, and the State Department would be responsible for the rest of the work in the other countries that were not considered major markets. This transfer to 1980 was never one that covered all countries.

Q: Well let's talk about again the time you were there. How did we view, I guess there are two separate things. One the former Soviet countries, as opportunities, and two, the satellite nations. This is the Czech Republic and all which were well developed economies with problems. Did we, how did we see these as markets. Were we concerned about, I remember talking about a real concern at one point saying you know the Germans are going to be coming in and gobble up all this because they are close.

FORD: No, we clearly were distinguishing between Eastern Europe, Central Eastern Europe and also the former East Germany. There we were going to want to get in big time. Our embassy moved on my watch from Bonn to Berlin. We re-opened the consulate in Düsseldorf that had been closed and agreed with State to cover costs plus to assign one of our officers to serve as Consul General. So that was another accomplishment, move our office from Bonn to Berlin but to not leave a gap in a important economic area of Germany by re-opening Düsseldorf which had been closed. The deal with State was that we would pay for that, much of that and also handle the Consul General position. I still think that we could do more with State on arrangements like this that our mutually beneficial.

Q: They would also assume the political reporting.

FORD: Exactly. Our officer would serve as a complete Consul General. I think that is a model that we could expand. In Amsterdam why not have the Senior Commercial Officer be in Amsterdam and be Consul General. It goes back to the work many of my State Department colleagues did as Consul General which was largely commercial. In Barcelona you could have the Consul General be a FCS officer. Now, we have closed the office of course. Then you had the Czech Republic. We already had an office in Vienna, before the Soviet break-up; it focused on export control work. Also many American companies and American interests were already in Austria dealing with the Eastern bloc countries. But Poland, the Czech Republic, and Hungary were the key areas. Then I led a group to where we would expand next, and we opened in Bulgaria and Romania with offices of our own in the Embassies. Then the former Soviet Union became a challenge because, again, the career officer corps we had for the Soviet Union was heavily specialized on export controls and national security controls on investments. They weren't oriented to expanding trade programs. Ambassador Strauss was demanding that we quickly expand to install new business development and trade promotion offices. So

we opened the office in St. Petersburg and Moscow and then used this contract public-private mechanism that I described to create what were effectively six or seven new offices across the former Soviet Union.

Q: Well this contract organization were you up against, this was the time of called the oligarchs. These were the opportunists equivalent to robber barons or whatever you want to call them. These were entrepreneurs but entrepreneurs on an armed scale practically.

FORD: These were U.S. based companies that did this service for us, service companies. We did not use Russian contractors. They were under the supervision of one of our three U.S. and FCS offices located in the Embassy and Consulates. So they were satellite offices. It was one way to reach into this territory. I went through the painful experience in Poland where we did it the other way. I inherited that mess where it was going to be a directly constructed U.S. business center. It was almost going back to the old days where we had U.S. trade centers around the globe. Of course the procurement process would take years. My fear was by the time we got something like a building put together or a business center put together two things would happen. Either the market was going to take off so that by the time our building opened everybody else is there with their office buildings. Sure enough the Marriott opened and put a big business center in and killed the work for our slowly evolving project. The other thing that happened and this happened in some of the smaller markets is that business would never develop. Then we would be out there with this white elephant. So the approach we took was a very low cost way to expand in markets that were uncertain and you could either go in with a full time office or back out and recalibrate. The contractors we hired were all American owned companies with experience in that part of the world that were willing with the safety of our investment grant match our money and raise three times more to operate the center. We were able to pass the risk to these U.S. service providers.

Q: Well there must have been some great concerns about the legal underpinning of doing business in those countries where Soviet law was not really a well codified law.

FORD: That is really a great point. This rule of law issue is always critical. Your real job is to counsel the American company. The tragedy in many cases was understandable but tragic. For example, we were tasked with exhorting companies to go into the Mexican market, or push them into the newly emerging markets of Asia or the former Soviet Union. That is fine for certain companies, but you push everybody into Mexico in 1994, ’95, ’96 and you have the peso devaluation in ’97 and many just get wiped out. So I always argued you need to have a very clear understanding of who is your client, and who is able to take that risk. You have to not buy off on a political line that all companies should go to the hottest market at the moment. This I think is one of the criticisms that often our foreign policy goals cause us to look the other way from our core business interests. That has happened. I have mentioned Mexico and the Asian markets and the ’97 financial crisis. A lot of American firms that should have been focusing on Canada and Europe because that is where their risk tolerance would best be able to handle a downturn got wiped out. So for people that are looking to invest or export, to a country like the former Soviet Union that had no rules, we needed to understand their capacity to take

risk. The issues are: are you comfortable with this level of risk and do you know how conflicts or disputes will be resolved. Conflicts might be resolved by death or by the courts.

Q: Well did you have a problem with you and your officers more or less explaining the post Soviet set of rules. You had mafia organizations. It was a pretty wild time and still apparently a problem.

FORD: For years, the FCS has a product called the world trader data report, WTDR. One of the ways you could explain the degree of risk was by giving them background on the Russian company in this case. The core of the WTDR was the embassy comment section. The key thing was the embassy saying you should be aware of this, this, and this. Now those were difficult things to say because some company might be able to challenge what we said. These were unclassified documents. But the embassy's ability to say something in a comment about that company was invaluable to the U.S. investor or exporter. The best thing you can do is give an honest report about what is the climate in this country. What are the rules? Are the conflicts resolved this way or that way? What would you say so that a company could make a proper determination about does this opportunity fit their risk profile.

Q: Say an embassy or a consulate was saying about businesses or just the climate there. Most of these, a good number of countries these things are not necessarily positive comments. Yet if you make it, you are really are saying, "You know my good friends here in country X have got warts on their noses or something."

FORD: There is a country commercial guide that I believe every embassy puts out. These are remarkable products that are unclassified and placed on the web and widely disseminated, and I find quite accurate about the situation in a country. This product came about partly because of the work I was doing at headquarters with Commerce Secretary Brown and his team to strengthen and unify government commercial reporting. The FCS office coordinated the new Country Commercial Guide at post, but it had contributions from all of the Country Team. We had an inter agency process saying that this is what American companies needed to know. We don't have cases that I am aware of where a country became upset about what our reports said about the business climate in their country and protested to us or asked us to censor the report. That I always found rather remarkable given the candid nature of our descriptions. There is always someone in the host country government who was upset about something in the report. I think this is one of the benefits of having an independent agency write the report. The Ambassadors approve the report. Sometimes I think that the reports might not be as forthcoming as one would like because the Ambassador has to approve and there is concern that it is going on the internet and open to review including by the President of the host country. I would make it my practice when I was Ambassador in Honduras to let the government know what we were going to put in our report. I explained that this was a report for our business community and for the U.S. public and that while we were not going to publish the report it would be on the internet. They needed to know that we were going to be very frank about the problems of corruption and security and rule of law. So it is one of the

interesting areas of tensions in commercial diplomacy: how you inform your constituency honestly and manage how that honesty is going to be perceived by your host government which invariably will find something to object to what you described.

Q: Did you find, again I am speaking to this four year period, that the internet wasn't well developed by that time.

FORD: Not at all.

Q: So were there alternate ways of informing people if I want to invest in Belize were companies able to find other methods or did they pretty well have to rely on what the Commerce Department said.

FORD: You make a great point. This was a key period where the internet was not well developed but everyone knew it was out there and would in the very near future make a major impact on our commercial work. I had been a member of the Foreign Service for a decade where the technology had evolved from the Telex to the Fax machine to the very initial stages of the internet. We began to analyze very intensely what the internet technology would mean to our business model. What do we need to do anymore? What programs are now obsolete? What the internet was beginning to allow people to do in the '90 to '94 period was to feel more comfortable phoning or e-mailing the office in Buenos Aires and not going through the office in Kansas City. In the earlier part of my career, we very rarely received phone calls from the U.S. client or from Washington for that matter. They were small and medium sized companies and did not possess the language skills or have the budget to make what was an expensive call. The large multi- nationals would visit you but our normal client would come to you through a cable or telex from a district office somewhere in the U.S. By the early 1990's, we are talking about the internet allowing companies to contact us via e-mail and even frankly the phone costs were beginning to come down. Our contacts would be more free to call up and talk to somebody in the office, and in this way they could get a much more candid and fulsome response to their question. The companies who received the best counseling were the ones that went to the country and had an onsite meeting where the national employee and/or the local commercial officer could just tell what the story was and not depend on written reporting. So this period of the early and mid 1990's was a watershed. Those of us committed to our profession and anxious to design the trade promotion programs of the future began to think more strategically about the nature of our mission going forward with the new technology. How should we change how we did our work, because so much of what we do is provide companies with information and contacts? Who is the client? What do we consider to be an American company in a global world? The internet was a huge priority in the Clinton administration. There was this whole push with Vice President Gore as the designated lead. And so that discussion in the Clinton administration brought us to the question by the appointees of that administration in my headquarters who worked for me at the time, "Why do we do this?" In other words how do we use the internet to either do or not do things that relate to the information and the contact services that we provide to U.S. exporters. The core product was always information sharing and content. We had done it in a certain way, and there was this

sharp, keen, sudden awareness, sudden for me by ’93-’94, that this was going to fundamentally change our profession. We would need to drop some things and need to create some new value added products. The Clinton administration made a big effort through its eight years to build the internet super highway, to push the technology out and to get us all in government thinking about a new future.

Q: Did you run across the problem particularly in the military but also regular aviation? The French could push a company or something like Airbus, but we had to make sure that every company that maybe could produce a product even though the product wasn’t as good as the obvious better one.

FORD: As a commercial officer my finest challenge was always going up against French competition. I always admired the way French diplomats placed such a high priority on promoting French products and culture. I would never want to repeat their basic economic and social policy, but they had so many tools at their disposal, including the French President coming into a market and the only reason for that trip was to sell that Airbus plane. Secretary Brown and the Clinton Administration worked very hard to develop an American version of commercial diplomacy that could compete with our European and Japanese competitors. Our first challenge was to determine how to determine United States national interest; our companies had become far more global. We were receiving questions from the overseas posts about providing support to a Japanese company because there is more American content in the product than the American company. So we developed a program with policy guidance to Ambassadors on how to advocate on behalf of United States commercial interests. Secretary Eagleburger, when he was deputy Secretary of State, worked with Susan Schwab who was our Assistant Secretary/Director General and head of the Foreign Commercial Service. I was fortunate to be part of that effort, to come up with guidelines for U.S. Ambassadors to help them understand how they could advocate for an American company, and how they could advocate for two American companies. Our economy was so large and complex that we would never get to the point where we would have national champion companies like our foreign competitors. We had Boeing and Lockheed and McDonnell-Douglass at the time and the French had one company. But now in 1993 we did have a set of criteria to guide our efforts. We began to focus not on ownership, on where the company was headquartered, but on content. One of the innovative features in these new guidelines was that for the first time you didn’t need to have 50% U.S. content to be considered an American company. That was always the historical guideline. The product or service always had to have over 50% U.S. content. That was still preferred but you could use less than 50% if you met certain criteria. This new innovation then allowed the Ambassador to become more aggressive advocating a range of U.S. interests. Sometimes you had to advocate for two companies. We advocated for a level playing field rather than the purchase of U.S. product. There was the belief that if you looked to buy for best value, we would most often win. So that became an effort to not cede the field to the French but to play it on our own terms with our own view of industrial policy and our own view of market economics.

Q: Well I am driving a Toyota which 60% of it was American made.

FORD: You might actually find a US car that is made more in Mexico than in the U.S. and a Japanese car that is made more in the U.S. than in Japan or Mexico. So amount of U.S. content became the policy driver. The other interesting piece we should talk about was the issue of whether there is a role for the intelligence community in commercial diplomacy. I am not going to talk about specifics but that is an issue that fits into the advocacy policy evolution. Was there a role for some of the national security agencies?

Q: Well what do you mean by the intelligence?

FORD: I am just saying there was a sense that other countries had their agencies snooping around our companies and stealing their intellectual property and sharing it with their country's national champions. So there was a sense that other competitor countries were using their official intelligence agencies to target American companies for their intellectual property or their marketing technologies or whatever. That obviously was the discussion. There wasn't much to it but it was going around during this period. Basically that is not appropriate. The issue that we zeroed in on: was there a defensive way if we became aware that something like that was going on was there a need to maybe share the awareness that a competitor or allied country was doing that with a U.S. company so they could be aware that they were being targeted. But again I think in this period '90-'94 with the Cold War ending there was an opening of discussion of issues that probably had happened very frequently before the Second World War in our commercial life that we shelved because we were in this broader strategic bipolar world, and that world was now ended.

Q: Were we pushing to get into Eastern Europe and into the former Soviet Union? I mean was there a policy consideration not just a commercial one I mean. We were the United States and we wanted to keep these people on our side.

FORD: It is a win-win that you can help American firms sell things while you also support these constituencies in these countries that want to have a democratic capitalism approach to their market. How can the presence of American business benefit both American business and local businesses? How can it reinforce those allies of ours in the country that want to install a system of democratic capitalism.

Q: How stood the anti corruption rules at the time. We had introduced this and our European colleagues plus everybody else kind of laughed at us. You know we were being goody-goody two shoes or something like that. How stood the situation worldwide form our perspective during this '90 to '94 period.?

FORD: I believe it was at the end of the Clinton administration there were OECD agreements, the Organization for Economic Cooperation and Development in Paris based multilaterally, to get everybody on board with the idea that bribery was not good. So this was a huge breakthrough. One of the ways Embassies can be helpful to American firms who are faced with a foreign competitor who is bribing is to shed the light of day on the bribe. I think it was Ambassador Todman in Buenos Aires in this period '90-'94 who was

very effective in having a press conference and announcing that he had heard that so and so was bribing someone. That would be enormously startling and difficult to do. You have to choose the public way to do this, directly or indirectly, but increasingly with Transparency International and other international initiatives, there is widespread support and public opinion is changing. I believe American companies actually found our approach was helpful to them by the end of this period.

Q: Were you sensing a change in American firms. We were talking about this before, but America is such a big market that a lot of medium sized particularly small sized companies just don't have the interest in reaching out and exports are becoming much more important to us. Were you sensing that America was becoming more export conscious during this time?

FORD: Yes. There is still a relatively small number of companies percentage wise providing about 80% of our exports. That has just been a fact. Lost in that is how many of these larger firms are integrating product and services from these smaller companies that actually goes overseas. The development by our most mature exporters of a sustainable global supply chain is an important development that has occurred over the course of my career. But this globalization phenomena has really I think eliminated the isolation where many companies only thought of exporting when the U.S. economy was in a recession. I don't think anyone anymore feels that way today. You made a great point earlier about the internet, and the effect it had beginning in this '90 to '94 period on the government's commercial diplomacy program. It will have even more of an impact in the future. It has been the internet that has brought the world into most of these companies' homes. Most of the clients that come to embassies on a regular basis are those firms that tell me they have a web site and were just selling to the U.S. domestic market but then they started filling orders for someone in Canada, and then they began to fill orders for other countries, and that is how they got into international business. They would not go intentionally looking to export, but because they were using the web more and more they found that they had demand for their product overseas. Then they came to the Commerce office or the Small Business Administration to learn about a letter of credit and other questions about shipping and trade finance. So that is how they get into it. So the internet has really brought the world into our country as much as also taken us out into the world. That trend will only intensify. The other thing that has been helpful is much of the world has learned to speak English. We haven't regrettably made as much progress as a country in becoming multilingual. But business can be done in English all over the world and that is a big help for us.

Q: Let's talk again about looking at this '90 to '94 period in some areas. China? How stood things in China?

FORD: Very interesting discussion. Obviously you have what was happening in China in that period and then you have how the U.S. government was looking to become present in China. In my agency, the Foreign Commercial Service, in the Clinton administration I would say the big emphasis we had still in the early 90's was on Japan. It is easy to forget perhaps what Japan meant to us commercially as a threat or as a partner in the 80's. My

memories were biased by my experience working in the U.S. automotive industry. So Japan was by far where we had our largest office. We had very few people in China. What was changing in the ’90-’94 period was in the policy area there was a sharp awareness that now is the moment to really reach out and engage China on trade. The Clinton Administration started the process that led at then end of the decade of the 90’s to the incorporation of China in the World Trade Organization (WTO). So from my agency’s point of view we were still very Japan-centric and reluctant to put people into the China market. It was important that the Chinese leadership opted to join the WTO as opposed to remain outside the organization. The idea that China was going to compete and shape the rules within the system was much more constructive than a China that would have opted out and shaped the rules that were different from the existing system and generate a conflict. So I think strategically that was happening, and we began to think about operationally how to put resources on the ground in China to help American firms create their own presence there.

Q: With Japan, how did we find Japan during again back to our four year period?

FORD: Well we found Japan I think entering its lost decade. Therefore by the time I came back in 1990, the fear of Japan as this economic super-power was beginning to diminish. I remember when I left to go overseas to Argentina in 1982, there was much concern about the Japanese taking over huge swaths of American industry, particularly the movie business and Hollywood. By the 1990’s, one can see the beginning of the crumbling of the mythology of the indestructible power that was taking over the western world commercially; and Japan began to settle unfortunately into a lost decade for them. That was underway by the time I left Washington in ’94.

Q: What about the French?

FORD: Well I always was very partial to the French. We have a different approach to economic policy, one much more based on a macro economic theory that doesn’t want to have national champions or have the government involved in industrial policy the way they do. But that said in terms of my world, they were always great colleagues and friends and we did battle but had drinks afterwards. The story I have seen through much of my career and I will get back to the ’90-’94 period, but was someone said, “When the French are up against you in a project you can count on the French president coming to visit. And if an American company is up against the French they know they can count on the Commercial Attaché.” So that was always kind of the joke at the time. I think in this ’90 to ’94 period we broke through that. One of the things that the Clinton Administration did that I was a part of was actually looking at our allies. How they conducted commercial diplomacy. I remember accompanying Commerce Secretary Ron Brown into a meeting during this period with Michael Heseltine, his United Kingdom counterpart. They just wanted to have a philosophical conversation about commercial diplomacy and advocacy, which I found refreshing to see that level of engagement by such top level officials. The role of the Royal family was invaluable to the British in certain industrial sectors, particularly the military and aerospace, but they also lead delegations to major overseas events. So it was a time in ’90-’94 to look at different models including the

French model. We actually had President Clinton and Ron Brown and other Cabinet officers engaged in helping US firms sell overseas; you will actually find articles in the Foreign Service Journal at the time critical as well as supportive of the American President calling the President of Brazil on a big air detection project that had to do with both drugs and ecological protection.

Q: You know what I recall is during this period of looking at my local paper in Springfield, Virginia, which is a suburb of the greater Washington area. Prince Phillip of the United Kingdom and heir to the throne was opening a commercial exhibit at the JC Penny's department store at the Springfield Mall. I thought My God!

FORD: Well that is exactly how the British Royals work on behalf of tourism and for trade. The British government uses them very strategically, the Queen going to India and lending her prestige and celebrity of her office. They have the Royal family and they use them very effectively, and the French have their President and they use him very effectively. It was controversial, and I understand the controversy. We have a different economic model. Is this really what you want the President of the United States doing?

Q: Well let's talk again about you were there during transition from the George H.W. Bush to Clinton. In a way this shouldn't have been a tremendous contrast in rule outlook. As a matter of fact Bush had far greater exposure to the world than Clinton did. But how did this translate in your level and your area?

FORD: I think you make a great point in the question about what was really continuity and elevation. So in my particular area, Commercial diplomacy, my assistant secretary at the time was Susan Schwab who was later U.S. trade representative (USTR) in the George W. Bush administration and had worked for Senator Danforth. She also worked very closely with Deputy Secretary Eagleburger on commercial issues. She was asked actually to stay on for six months in the Clinton Administration, the only appointee in Commerce, which is a reflection on her caliber. She focused all of us on the question of: What is Commercial Diplomacy in this new global era that is emerging? We are at this fascinating turning point with the end of the Cold War, and what had been happening in the 80's but was emerging more consciously now in the 1990's: Where was globalization taking us? She asked the hard questions. Who are our customers? How do we define who we deal with? Does this company make something we want to promote? The whole idea of the globalized economy and determining the American national interest was a key point of this discussion. She worked at creating rules so that Ambassadors would not need to always come to Washington, and they could be advocates on the ground for American business interests. The Clinton administration coming in and taking advantage of that work of course took this up another 30,000 feet and made this a key part of their commercial diplomacy and a key part of their foreign policy. I would argue that the Big Emerging Markets initiative that came out of Commerce wasn't a Commerce initiative, but it was looking at some of the emerging markets of Asia, and Latin America, and Eastern Europe, and how can we conduct commercial diplomacy as well as to advocate on behalf of democracy and open markets. This was a moment when my profession was front and center. Full of controversy in the sense of do you want your diplomats to do

this; is this role of business is it related to donors and conflicts of interest? How did it get, how do you decide what is in the national interest versus what is some kind of narrow party interest? That was where some of the controversy came about. The big policy questions were on the table, the role of intelligence in Commercial Diplomacy was briefly looked at. Everything was up for grabs. The President and the Secretary and Secretary Christopher at State and Bob Rubin at the National Economic Council were all engaged in trying to find out how to put business and the private sector into the mix. This was a new period of U.S. leadership unchecked now by a larger geopolitical and ideological conflict.

Q: Did you feel when the Clinton Administration came in that there were commercial figures who were also political figures that were more political than commercial?

FORD: Well that was what I was alluding to. I am an independent, but clearly you could find this was alarming to some of the other party because they were making inroads into the business constituency that had been solid Republican. The issues that were more sensitive were how do we set up a process to determine the national interest of the US in this ever more global economy? So that you are no longer confronted with the fact that there was a corporate campaign donation; you just wanted to understand where a proposed commercial diplomacy action could be justified based on jobs, based on the trade impact and not based on the fact that the corporation was also a major political donor. Those issues were out there, and over time it has become even more difficult to separate out and deal with the perception issues of conflict of interest and motivation and the national interest.

Q: Well did Ron Brown of course being a major political figure, very dynamic person, did you ever get the feeling say, work with this person because they are a good party stalwart or this is a Republican so don't do as much.

FORD: That never came through. That is why I basically have no trouble understanding what was being done with the broader policy context in my mind. That is not to say there were not conflict of interest cases, but the intent was driven by the overall policy framework that put commercial diplomacy at the center of these new efforts with these new countries. And the framework actually made it easier to identify and deny cases that might have perceived or real conflict of interests or political connotations.

Q: Did you find maybe Ron Brown who was a very dynamic person and you had Secretary of State Warren Christopher the term dynamic would never apply to him, I mean did you find this play out you might say to Commerce's advantage?

FORD: Yes. Secretary Brown was clearly a dynamic and charismatic personality. I think at times he was a larger than life figure. He wasn't just a salesman or PR person. I briefed him several times and I was just so impressed with how quickly he could take on an issue and how effective he was in communicating it to the person who needed to hear it. But his style and his personality were very different as you suggest. Rather though than focus on the personality differences between Christopher and Brown, I would highlight the

very different attitude each took with regard to risk management. Christopher, the savvy lawyer, was much more risk averse and cautious than Ron Brown who would take a carefully calculated risk to achieve important objectives. There is so much risk aversion at times in our diplomacy, while in commercial diplomacy success goes to those who push the envelope and are adept at risk management. It does pose a tension that needs a process to guide it and reach the right risk/reward balance.

Q: Then in '94 whither?

FORD: In '94 I went to London and became the Commercial Minister at the U.S. embassy there form '94 to '99, five years.

Q: All right, well let's talk about this job. I mean this obviously is London. London has always been seen, you know we are talking about for a couple of centuries as sort of the center of the commercial world. At that time how did it play out?

FORD: Well that's a good segue from the ferment that we talked about in the last segment to the question of what should be the commercial program of the United States government in Europe. Should it be centered in London? That was the challenge given to me by Undersecretary Jeff Garten and Lauri Fitz-Pegado, are newly confirmed FCS Director General. I was not to go to London to be only the Commercial Minister and run our London office, but from London I was to look at our entire Europe program, at times involving commercial interests in Africa and the Middle East as well. This builds on the whole idea of the globalized economy becoming more and more a conscious part of our planning at the operational level. There was a sense that the European program had become rigid and dull; we hadn't evolved from the 70's. We were still organizing our programs in each European country yet the countries had come together in the economic areas to form a larger single market called the European Union. Globalization had changed Europe and for Commerce the center of US commercial interests in Europe was London. There were of necessity close links with our Commerce operation at the US Mission to the European Union in Brussels due to its lead role in the policy area but for trade and investment promotion, London was central. So that is the brief that I took to London. There is an important part of my London experience that I was totally unaware of when I arrived in 1994 and that was Northern Ireland. We can talk about that later. No one understood our London office; and even after the multiple briefings we did in Washington, I kept hearing from senior management: Why do we have 24 people in London? Four Americans (down from five) and 21 or 22 local employees. The size of the London office was largely a legacy of the 1960's and 70's. The United Kingdom historically was and is an entry point for US companies not only to the UK but to Europe; in the 60's and 70's we had a large trade center in London. That Trade Center was long closed by the time I arrived, but the first floor of our very nice Embassy at Grosvenor Square had been converted into what was called the International Marketing Center (IMC), which was half of the first floor of the Embassy. We had exhibit space and a 200 seat auditorium. The IMC was run by my office. Most of the IMC staff worked on contracts, so if the center was busy with US business clients we were able to afford more staff. Our work was done on what is called a cost recovery basis. When I arrived the IMC

was focused only on the UK market. And the sense in Washington was, frankly, if firms have difficulty going into the UK market, they probably shouldn't be involved in international business. I came to disagree with that perception. Living in the UK for five years, I came to realized that there were misunderstandings that come about because of the assumption that we are so similar that this must be someplace east of Maine, and it is really another country. So there are some things you can do to help the new U.S. exporter. This exporter I described has suddenly begun to fill orders and because of language and other things it is the British that are asking for their product or service. I wouldn't want to diminish the need for an office here but probably you would need about six people in a UK office. So the challenge was to define a new role for the FCS London office. What evolved in that five year period in London was something called Showcase Europe, which looked at London as a center of global activity. The most common title on a business card of an American executive in the UK was Europe, Middle East and Africa. So many American businesses directly or through their local agent distributor were given this entire territory with their headquarters in the U.S. operating the Americas region. You have Europe, the Middle East, and Africa, go for it! So we started to develop a series of information programs and a series of contact programs on Europe, The Middle East, Africa, and we even did one on Asia. But it was so intriguing and exciting to reach out to what could be considered American interests in London and the broader UK. We actually identified in our data base 4,000 U.S. owned companies in the UK that were responsible for other areas in the world. And then we started to meet with these firms to determine their requirements for FCS services. My vision evolved around two areas. One was what was the core role to help American companies come to Britain, and then how could we convert ourselves into a FCS domestic office to service U.S. interests in Britain that needed to enter other markets. That premise led us to a series of very insightful new programs. We would have conferences where we would bring in Ambassadors from Africa. Our Ambassadors would come to London, which wasn't a hard sell, and we would have 200 US attendees at our conference and networking receptions. We sold out the auditorium every time we had an event like this. You had the information exchange and individual meetings with the Senior Commercial Officer and the Ambassadors and oftentimes State Department officers. It was a nice way to work across agency lines. We did a lot on European markets, connecting so many American companies that had made it to the UK and just couldn't seem to get into continental markets for whatever reason. Sometimes it was just laziness or lack of language or lack of knowledge. So we brought in people from the large EU markets as well as most of the countries in Eastern and Central Europe and had very successful programs with Russia where our DCMs or Ambassadors would come with Senior Commercial Officers and do these programs. So that was the strategic change made to sustain our office. Much of this was done through cost recovery, charging fees to recover the marginal costs of our service. I think at the high water mark for this new program we were raising about $300,000 a year in events in London which was a significant increase over what we had done before. The focus was not on the local market. Now we did do a wonderful promotion for the UK market which was a great story. We introduced Samuel Adams Beer to the UK. Coals to Newcastle, but you know we did that and very successfully. We had major movie premiers, so we did a range of things. They were less relevant to our core program but they were a lot of fun. I served under Ambassador Crowe and Ambassador Lader. As I worked for the U.S.

Ambassador to the Court of St. James, I often joined meetings with Bill Gates or Jack Welch or some of the other major global business leaders who would come by for a courtesy call with the Ambassador and fill him in on what they are doing in the country. So I was able to meet a lot of interesting people. Many companies actually, and this we worked with the Protocol Office, would use the embassy as a reception venue. Unfortunately with the barbed wire and everything else around the embassy today it is not as an attractive of a venue. But it was a very vibrant place, a very attractive address to be invited to, to the American Embassy, Grosvenor Square, for your social activity.

Q: Well you these five years, I mean something had been bubbling up. We already talked about it. This was when the full flower of the internet had hit.

FORD: Yes, exactly.

Q: I imagine the Brits were in the forefront.

FORD: In the European context, yes. And their economy was sufficiently different from the continental economy to be dynamic and entrepreneurial. So you had a lot of venture capital companies very active in the transatlantic marketplace. A lot of entrepreneurship was bubbling to the service and driving both of our economies.

Q: When you talk about entrepreneurial, what was sort of the difference between America, Britain, and Europe?

FORD: An Entrepreneur to me not so much about the mom and pop store. You have that small business owner that puts a dry cleaning business together. That is fine and important to see small business risk-taking. I am talking more about innovation, where an individual could have an idea and have access to capital, and markets and turn the idea into something that makes money. That is a strength of our economy. I mean innovation happens in large companies as well, so this isn't something that only happens in a small company. But on the continent the whole cultural structure results in considerable rigidity. The state on the continent is like the mother that tells the child what they can do and not do; they set the rules and then let the market work. Where as I think the Anglo-Saxon tradition, this is my own interpretation here, strives to have the state come in and try to fix imperfections in the market after the market has worked. So it is a whole different approach to a lot of business and innovation issues.

Q: Well what I think we are doing here using the world history as an example. I and several other colleagues got the idea gee wouldn't it be nice to do an oral history program. We started doing it on our own. The State Department didn't give us any particular help or support, but we found some academic support and gradually we got where we are housed in a State Department facility but we raise our own money. I thought this is such a splendid idea, why don't we have it elsewhere in other countries doing it too. So I wrote to the British Foreign Office and the German Foreign ministry, the French Foreign Ministry, and got back from the Germans and the French, "Well we have our own program." They didn't but if they did it disappeared into the bowels of the

Quai, d'Orsay. The Brits gave me the name of a retired British foreign service officer, Malcolm McBain. I passed on the information I gathered on how to do this on my own to Malcolm on his own and raised some money and he eventually found a home at Churchill College, Cambridge. You can go to the British Diplomatic Oral History Program at Churchill College. He has several hundred oral histories of principal people, a great resource. So we have these two things going and none of the other ones do it, or if they do it, they have it is a state thing and this doesn't work because it ends up in the bowels of the institution.

FORD: I share that view and it was clearly shaped by my diplomatic service in Europe. If you believe in individual liberty and the market place, you will see this reflected more and in different ways in Britain, Canada, the U.S. and Australia. Here the state's role has evolved to fix imperfections in that market place after they occur. Basically, we all say that the market isn't working so let's have some rules here, right? Whereas the continent to me is all about putting the rules in, and then seeing how the marketplace can work. Those are two different models. Today, as globalization has advanced so much, we are now at an interesting juncture to see if these two models are able to back into some center where the rigidity of the continental model is a bankrupt process that they can't afford to sustain and have enormous choices to make, and we need to look more seriously at why the market has failed here and figure out some rules to provide a more adequate safety net to our citizens. I think we are at a moment where these two different economic/business models are open to a move to a new place. I just hope we don't lose that creative juice that allows innovation and economic growth to take place.

Q: Did you feel that you were part of a very juicy creative incident, dynamic particularly one says the internet but there are all sorts of things involved here, various sorts of communication. You were a representative of the leading edge.

FORD: It was cutting edge stuff, and I believe one of the advantages of serving in the field was that you didn't suffer the frustrations of working in a headquarters environment where you could see more clearly the dysfunctions of our inter-agency system. But you are in a global capital like London and the internet was so powerful. Now companies and organizations, not just companies but states and local governments and frankly parts of our own government could contact you directly. The stovepipes were being broken down. And for those of us who understood what that meant and sought to be innovative, you could really get things going. I am not saying you did things that no one wanted you to do, but you didn't need to wait for something to work here, or you didn't need to send this list of trade opportunities back some place. You could take the trade opportunity and go search for who the hell had the ability to fill it, right. You had to be careful because you still lived in a bureaucracy. There were always questions that you needed to make sure you had answers for, like: Why did you give the information to this company and not that company? These questions and others were always on your mind to insure that you weren't doing something inadvertently that was perceived to favor somebody. I wouldn't' trade that London experience for any other time in my career, particularly combined with my experience right before in Washington. The 90's was just huge in terms of how the ice started to melt and enormous energy was injected into the

globalization process. And I occupied a small slice of it, as a Foreign Commercial Service officer trying to figure out how to transform our work and our organization to continue to be relevant to U.S. commercial interests in an ever more deeply integrated global economy.

Q: Did you find yourself running across the long weekend tradition of the British? I mean I have heard in other matters sometimes if a crises happens on a Friday, all the top people have taken off to their country homes, but also the British have this rather almost rigid type of board of governors. A bunch of people who may have titles but sit around and at wonderful meals at the company. Had this broken down by this time?

FORD: It had broken down quite a bit. I didn't work as much as my economic colleagues in the world of the policy community where I think you would find more of that tradition still flourishing. The famous British gentlemen clubs were there, but they weren't quite the institution they had been. A lot of British tradition was beginning to fracture over the course of this time. London '94 to '99 was a fascinating city to observe, as the economy recovered and politically New Labor and Tony Blair arrived with new attitudes and a desire to change. There must have been a quarter million Americans living in London. Dynamic French and Spanish entrepreneurs were coming to London to work. Of course the economic cycle had something to do with that. The recession of the early 90's was ending and the boom years form '94 though the rest of the decade made Britain a magnet for talent of all types. And the transfer of power to a new generation was in full throttle. So the post-World War II world began to crumble ever more quickly. It still existed more in what would be the formal policy dialogue between the two countries. Although one of the comical things I found at the Embassy country team was everyone's frustration that Downing Street was talking to Washington directly and we were left trying to catch up with what Washington and London had said to each other. I consistently argued that we might not need as big an Embassy anymore in London because video screens and phone calls and six hour travel on a plane actually allowed a lot of the leadership of the British government and the American government to work directly with each other.

Q: I have talked to Admiral Crowe. I have interviewed him. He was more a hotel keeper.

FORD: He was the one that was saying, "Could you tell me what was said by Washington?" Not because he didn't have access by any means, but it was just the reality of the moment.

Q: Well also you mentioned something I think was quite important which was the rise of Ambassadors of business administration class. All these young people who were getting their MBA's from American schools or the Ecole Politique and all were all heading to London.

FORD: Yes, London was the Mecca. New York got its share as well but because it was in the neighborhood if you will, the Europeans were flocking to this great dynamic London. Even within the rigid and hide bound British bureaucracy. Tom Harris, who went on to become the British Consul General in New York, worked with me to develop this

incredibly innovative new program. Frankly both sides, Washington and London, wondered what in the Hell we were doing, but he wanted to promote British service exports to the U.S. I realized his market was to find U.S. companies that wanted to be in London and could benefit from the help of British service firms. So we started working on a joint project of U.S. product exports and British service exports.

Q: What kind of service exports?

FORD: Oh, advertising, freight forwarders, insurance, companies that wanted to sell their services to Americans who wanted to sell to the UK. So this was again trying to break out of a very staid world of widgets that go from country X to country B and another widget goes here or there. Understanding that the globalized economy was going to produce all sorts of arrangements and global supply chains that were new and dynamic and why not have a pilot program to see where we might go in the U.S. to promote these British service companies. He could do the promotion but I could tee up American exporters that might need services.

Q: You must have been dealing with almost two classes of people. Young whiz kids whose ideas are popping out and bewildered middle aged who are saying what the hell is this all about?

FORD: Exactly. It was so fun to go from a dynamic meeting with venture capitalists to a dinner hosted by the British American Chamber of Commerce in the boardroom of one of the world's top companies. I would keep my tuxedo and dinner jacket in my office because a common business dinner in London would often require a tuxedo to attend. You had to read the invitation very carefully. It would often be a black tie dinner. "The men's club is having this dinner tonight and we would like you to join us and join our conversation." So it was hard to get home and back. I just kept my tux in my office. I must have used the tux two or three times a week. Then there was this whole new generation. People were coming to London wanting to do deals and London was the center of the financial services world. It was a crazy exciting time.

Q: Were there concerns you were feeling around saying where the hell are we going? Was this getting out of hand or not?

FORD: Well yes. I think the concern were that it was becoming much harder to make those bureaucratic determinations of what is in the US national interest in this ever more global economy. Where do we understand what we are doing and how does it fit into the new, evolving world trading system. I had grown up in a world where it was pretty straight forward. This is a U.S. company and they want your help to do this. Now this world had really changed. All that had started breaking down in the 80's but it flowered in the 90's in a way that made the work more exciting but also harder I think.

Q: Well also were you running across the EU problem? Was the EU in effect? When did the EU become the EU?

FORD: Yes the EU was in effect in ’99. The British joined in ’72.

Q: But there was something before.

FORD: The EEC exactly. The Union became a monetary union which I think was ’99 or ’98.

Q: Were you running across the problem of the European entity whatever it was at the time of getting over controlling and trying to sort of make everything meet standards? I mean over bureaucratization, and was this reflecting on your work?

FORD: Very much the key part of the struggle now was not so much to get into Britain but to get to the continent. The technical standards were always a key barrier; the compliance issues often involved standards. The different directives that regulated consumer safety and environmental safety were growing. The confusion was often because of the very different EU approach to standards than the one used in North America. Sometimes the bureaucrat in Britain would say the issue was being handled in Brussels and then we would talk to our office at the US Mission to the European Union in Brussels, which is where I went later after London, to deal with Brussels directly. They might say that is not our problem; that is an interpretation of the British. So you would find American companies often given a run around as to how to get answers to their questions and resolve their problem.

Q: Did you get the feeling that behind a lot of this was trying to keep the yanks out?

FORD: Some but not all. Some of it was just merely having the Yanks understand that they needed to get the CE Mark for their product. This wasn’t difficult yet we saw many US small businesses get confused. So, a company that is exporting only because they are filling an order through the internet, needs to get a CE mark to show compliance with EU rules. I tried to explain to them that it is not really that complicated. Here are the three things you do, and it doesn’t cost you much, and you have access to this whole market. So a lot of it was that. I won’t deny though that some products were restricted or made more difficult to import to protect European interests. This is one of the principal reasons my London experience led me to be selected a year after my London tour by Commerce Secretary Daly to go to Brussels and open a new office at our European Mission to the EU to deal with American business issues because we needed to have a broker in Brussels that could understand how to connect with our FCS offices in the EU member states.

Q: How did you find your Foreign Service National staff?

FORD: Invariably wherever I have been they have been outstanding. In London they were a top caliber team, but I would say a team that was more from the world of the past than the world of the future. So one of the challenges of London was to recruit four new FCS officers and obtain permission to hire one or two new national employees as vacancies occurred through retirement. This was a period of time that many of the

Foreign Service Nationals in Europe, well in many places, had been hired on in the 50's and so they were finishing their 40 year career. They had enormous knowledge but were not so much understanding what was happening in the world marketplace or how our own programs were changing. I remember their comment to me when I first arrived because they had heard this two or three years before from Washington when I was in Washington was, "How can no one in Washington understand what we do here?" I tried to explain to them why having 20 people in London seemed ludicrous to many people in Washington. And why what we do is different in 1994 than what we did in 1980 or 1960. So London was one of those offices where I struggled with excellent people to work on this new vision and to deal with new business sectors like franchises and service industries.

Q: Did you get involved in some of the debates over computers like Microsoft? I mean which had internal system and were considered to be a bad show or something because it wouldn't be hospitable to other systems.

FORD: I think particularly in Brussels later on with the anti trust, anti competition rules you would get challenges from the European Union anti trust authorities. Surprisingly, for many American companies, I think of GE, I forget who they were buying at the time. They were just taken aback that after the deal was approved by the U.S. Justice Department, they needed it approved also by the European competition authorities. Competition policy created serious frictions as these two markets became more integrated. American companies of all sizes became more aware that they needed to be more active in Brussels. They couldn't just get by anymore with one set of regulatory rules set in Washington.

Q: Well shall we pick up the Northern Ireland one the next time around?

FORD: Yes, if you want to we can do Northern Ireland and then there is a brief time in Caracas and then I move into Brussels

Q: Today is 13 January 2010 with Chuck Ford. Chuck, let's take a quick trip to Northern Ireland. What the hell did the Commercial Service have to do with Northern Ireland?

FORD: But it was a part of a theme we have talked about off and on with different assignments. The last thing I thought when arriving in London in 1994 was that I would be more than a tourist to Northern Ireland. Not because Northern Ireland didn't have commercial activity in it, but it was a relatively small part of my program that I was running out of London and I soon was running the entire European program out of London as we talked about earlier. But the day we arrived in London was the last bombing that went off by the IRA at Canary Wharf. There is another one in the middle of the peace process but after we arrived there was the first ceasefire…

Q: There was a terrific one, I can't remember where but it was sort of a rogue element wasn't it?

FORD: Yes a rogue element later on in ’98, but this was a bombing in 1994 and then the cease fire. John Major was the Prime Minister and Gerry Adams was the head of Sinn Fein, the political arm of the IRA. There was a very interesting development that happened the summer before I got to London which was our decision to grant a visa for Gerry Adams to come to the U.S. President Clinton and our Ambassador to Ireland Jean Kennedy Smith were the decision makers. This started what has become a very successful Northern Ireland Peace Process full of bumps and with many boulders strewn in the road. This speaks to the point that we talked about in Guatemala about how Commercial Diplomacy can go beyond export promotion or investment promotion and became an integral and early component of our national security program. Where we take our business community and our technology and mix them with a cabinet officer like Ron Brown and we concretely demonstrate what peace can bring to a population. Within two months we were organizing a conference in Belfast where again a key part of the American contribution to the British and Irish led peace process was to in effect demonstrate if you come to a peaceful resolution of your conflict and Northern Ireland becomes like Ireland in terms of its stable political environment, you will have a lot of jobs created through investment and trade. So I spent much of my five years in London up in Northern Ireland. When President Clinton, who came several times to London and Ron Brown and then Bill Daly as Commerce Secretaries, I would always be not in London for those visits, but I would be in Northern Ireland managing that part of it. Commerce was an important part of demonstrating the gains from a peaceful resolution to the IRA fight to separate from the U.K. So it was great good fortune for me to be in London at this historic time. Since the Irish joined the European Union at the same time the British did in 1973, many of the traditional arguments for not having a better relationship had gone away in the sense that Northern Ireland had been always more prosperous than the Republic. So by the time the 90’s came around the economy of the Republic of Ireland was really booming. The moment for peace was at hand with this economic development in the Republic. But the key part of our contribution aside from politically being supportive of the Irish and British Prime Ministers was to show that American companies that were so active in the Republic of Ireland were open to investing in Northern Ireland. So half a dozen times on major Presidential or Secretarial visits and then on my own as representative of the FCS, I would be in Northern Ireland participating in business events and working with my colleague in Dublin to continue to make this a theme that we could emphasize in our program.

Q: Did we have a trade man, a commercial man in Belfast?

FORD: Yes. I opened an office there in 1995. One of the interesting debates was over whether and how to actually let the person work closely with our office in Dublin more than with my office in London. Soon after arriving in London I was given two major responsibilities: one was to take leadership for our new European program and the other was to establish a FCS office at our Consulate in Belfast. So it was my responsibility to find the person and hire the person and staff the office in Belfast at the consulate. Dublin was interesting because from a practical American business interest point of view, most of the American firms that would be interested in Northern Ireland first came to Dublin. Now this is tricky because of the political consequences of working something through

Dublin when I was accredited to the UK government. So I worked very closely with the Embassy and our FCS office in Dublin. We actually began to let my counterpart in Dublin go north, but being very careful about not signaling anything about a change in US policy. It was just logical that the American companies coming to the Republic of Ireland would be the first companies to look at the north or Ireland. Rather than the Americans who were coming to London and were really looking further east and the continent rather than going back to Ireland. So we struggled over how to execute our commercial program without damaging our political work as subordinate to the Irish and UK governments. The people of Northern Ireland needed to decide whether they are British or Irish. That is the struggle they still have. I mean the majority of the people in Northern Ireland still want to remain with the UK. But the practicality is the island is being seen by outside investors as one market and not as a divided country anymore. Frankly, when I look back at it, it was one of the great moments in my life to watch this peace process break out. During my five years in London, the peace was only broken by one bomb at Canary Wharf in 1998 which was a rogue IRA element. Not finished by any means. But there seems to be a sense this is no longer a terrorist event as it was considered before 1994 but rather a political discussion with criminal elements to deal with.

Q: Well did you run into in your work, I mean got the standard type work of trying to promote American commercial interests and all, but did you ever find that sort of the Boston Irish political movement in the United States, it is bigger than that but I mean…

FORD: There is a San Francisco component.

Q: All the ones including the Daleys in Chicago. But did you find that intruded?

FORD: Intruded is too strong but you had to constantly work with it. This was commercial work with a very huge political cast to it. You had major event, let's say in Belfast. It became more difficult when you got to Londonderry or Derry depending on whether you are a unionist or a republican. Two issues would come up. The American delegation invariably was, how can I say it, very much biased in favor of the Republicans, and so you had tables with all the political parties and leadership of the country at your event. The majority of the Northern Ireland attendees would be from the unionist side. You had to work ahead of time a lot to make sure somebody sat at those unionist tables, because everybody wanted to be with Gerry Adams and the Irish Sinn Fein leadership. And so the seating chart was always a sensitive point. In addition, there is a tradition that when you go to a formal dinner, at some point before dessert, the host stands up and offers what they call the Loyal Toast which is basically to stand up and say, "To the Queen." I realized at our first delegation dinner that the Americans didn't stand up, because they are Republican sympathizers and even the Republicans didn't stand up. Those were the kinds of issues that sound silly but you were concerned about becoming involved in the political debate. Of course you were not fooling anybody. Tom Hayden came for example. Of course he is one of the big fund raisers for Sinn Fein and all that. So you really have brought the Irish Republican American connection into your meeting, but I think again it was very easy to work with our side because they understood the

sensitivities or understood why you didn't want to offend the sensitivity. We worked our way through that potential minefield. Years later, after the 9/11 attacks I found myself pondering a lesson I learned in Northern Ireland and from conversations I had with many U.S. delegation members who actively supported the IRA…how one person's terrorist is another person's freedom fighter.

Q: Well how did you work your say through the toast? Either you stand or you don't.

FORD: Well I actually worked with all sides and we did the social occasions without the toast. I successfully argued that there was no reason to offer the toast given the presence of a foreign delegation. If you went up to Londonderry or Derry they didn't do it up there, so when you got away from Belfast you just became more aware of it so you could avoid the moment or make sure the moment got handled in a relatively sensitive way.

Q: It's 1999, you have left London and are off to where?

FORD: I am off to Caracas, Venezuela. I'll explain how that worked. In our system, and I suspect it is the same in other foreign affairs agencies, after so many years of assignments in developed countries you have to pick a hardship assignment. So I like Latin America, love it, so I intentionally picked Caracas for two reasons. One it had a great American high school for my son who was going to high school, plus it was a great place to do commercial work; all due to the role that oil played in the Venezuelan economy. The oil money of Venezuela always made it an interesting place to work. So we left London to go to Caracas in the summer of 1999 for what turned out to be a six month assignment before the Secretary of Commerce asked me to take on another assignment which I will explain later.

Q: All right, well let's talk about Caracas, Venezuela in 1999 when you went there. What was the situation?

FORD: Well the situation had quite a lot of excitement and uncertainty. The two often go together. The country was under a significant amount of turmoil in its political system. You might recall in that period of time Venezuela was one of the longest standing democracies in the region. Democratic rule came in the late 1950's. Two traditional parties, Action Democratica (AD) and COPEI, had been alternating in power during this period of time. But that all broke done in the 90's and led to the election of 1998, about nine months before I arrived, of President Hugo Chavez who had attempted a coup back in 1992. Arriving as the Commercial Counselor to Ambassador John Maisto, I found it was a fascinating opportunity to assess the commercial climate for trade and investment. There was considerable tension between new opportunities that radical change presents and the dangers that are also present, because everything was new. The old political system had crumbled and was quickly washed away.

Q: Before you went there what were you getting from the grape vine both in Commerce and the State Department about Chavez?

FORD: In my briefings and conversations before arriving, I found that the US government had a very open minded view of the potential positive outcomes that might emerge from this change. If you looked again at what was happening in the 90's, you had a breakdown of the two traditional parties. You had a collapse of the system, and so the voting patterns showed an overwhelming victory for President Chavez. People form upper class neighborhoods and middle class neighborhoods as well as the poor of the country all expressed themselves through their vote for radical change represented by President Chavez. At this point in 1999 people had not yet formed sharp opinions of the new President. Obviously everyone wanted to know who he was. I think at the Embassy we had the famous phrase: "watch what he does and not what he says", representing an effort to separate out the rhetoric which was sharp and concerning from the actions that he actually was taking. So I think in the summer of 1999 when I actually arrived, we were still in this period of engaging and working and not making any prejudgments based on speeches.

Q: What was the business climate?

FORD: Well the business climate was attractive yet concerning. To give you an example, a key part of the economy deals with natural resources, particularly oil and gas, but there were also mining activities. In 1998 the state owned oil company, which had just been recognized as one of the best state companies in the world, had reached new investment arrangements with BP, Chevron, and ExxonMobil, to help explore together a new series of oil fields. There were similar projects also underway in the mining sector and they all came to a screeching halt with this political change as manifested in the 1998 election. Rules were not changed but it was unclear whether he would change these recently signed arrangements and/or the policy that underlined them. So there was excitement about the opportunity of Venezuela and the uncertainty or sense of risk that had skyrocketed because of the new President, his resume and his rhetoric. I would say on the commercial side because of the oil money there is always a very big market for U.S. consumer products and new technologies. The exchange rate due to the impact of oil was always overvalued, which made imports cheap and kept prices low. So I found an amazing amount of American consumer products and interest in American products; of course another factor was the closeness to the U.S. marketplace. So whether you are dealing with trade or major investments, it was a time of great excitement but I quickly picked up on rising levels of concern about the new risks.

Q: Well was there any, were you telling people this is a damn good place to invest or this is a good place to sell? I guess selling stuff was no problem.

FORD: For me, what I always tried to do over the course of my career was to understand the company that you were counseling and what their risk tolerance might be and provide advice based on your understanding not only of their product but of their tolerance for risk. I am saying that if there is a small U.S. company coming down to Venezuela to do some investing for joint ventures, you need to present to them a full, deeper array of potential risks than you might for a company merely looking to export. This is another reason to justify the performance of this function in an agency other than the State

Department where foreign policy and national security interests often subordinate the interests of individual companies.

Q: Warning them that this isn't the United States and there are risks.

FORD: There are risks; there are payment issues. There are all sorts of physical and legal security issues. If it is a large U.S. or European multinational they are often better placed to hedge their risks. Many European multinationals serviced Venezuela through their U.S. subsidiary. So Venezuela was a complicated market. You didn't have a uniform message. It depended really on who you were talking to.

Q: Well was it a time, had you noticed a real change in sort of American commercial expansion. In other words smaller firms or organizations were looking to invest or had there been a change

FORD: Well I think there was beginning to be a change. It is hard to believe, if I recall this correctly in 1999, the engine of the entire economy really ran off the price of oil. This is a personal view, but one of the great distortive effects that happened in Venezuela in my career was the oil price going from $7-8 dollars a barrel to $60 or $70 a barrel. That was good for the country obviously but it also seriously distorted the economy in terms of both public and private resource allocations. When I was there in 1999, oil was only $18 a barrel down considerably from prices a decade before. This low oil price put some real constraints on the state as to how they could fund major projects Over subsequent years, what was it two years ago, the price of oil was $150 a barrel roughly. So the decade was a great time for the energy sector in Venezuela because the public sector dominates the economy in many ways and they had money to invest into projects.

Q: I have heard people say that Venezuela unlike Colombia, is not a very entrepreneurial or hustling country. It has had great riches and all but it has a lot of agricultural country that could be better developed. Other things of that nature. Did you have that feeling?

FORD: Well I think it is hard to make that kind of gross generalization, but I think to the point of Colombia, Colombia has the same kind of oil deposits that Venezuela has. They just haven't necessarily because of a variety of factors that affect Colombia, haven't been developed. I do think oil has allowed the state to dominate the economic engine of Venezuela and that reality generally produces more bureaucratic behavior and less entrepreneurial behavior. There are some very dynamic Venezuelan business families. The Cisneros family, for example, is a leader in television and telecommunications and other things. Overall the role of the state in Venezuela really dominates the economy and produces in general a group with less entrepreneurial behavior.

Q: Well it is interesting. Venezuela although it sits right there in the Southern Hemisphere really has only one real neighbor. Brazil is sort of, there isn't a hell of a lot in Brazil in that area.

FORD: You feel very much a part of the Andean community when you go into the mountains near Merida and San Cristobal. I remember given my time years before in Spain that I could also see bull fights in Venezuela and Colombia. But for me Venezuela was really a Caribbean country in so many ways. In Caracas, as a baseball fan, I was in heaven for the winter baseball season but I fortunately transferred in December, so I missed a lot of the baseball season. But it is a very Caribbean country culturally more than a deeply South American country. For historical and economic and cultural reasons, there was a strong relationship with Colombia.

Q: How as the relationship with Colombia, because Colombia of course had all these anti government guerilla movements, drug lords, I mean you name it. They were carrying on essentially at least two wars at the time.

FORD: Well I think as neighbors with a very dense, rich economic relationship, they were managing that relationship. This is a Colombia that predates Plan Colombia, predates President Uribe who led the war against the drug cartels. In 1999 Colombia had perhaps reached the bottom and became very committed to face its existential challenge. I think Plan Colombia started in 1999. So it generated a lot of interest in Colombia. There was a lot of tension between the FARC and their fight with Colombia and Chavez's rhetoric was generating some issues. Was Venezuela going to be a safe haven or worse an active supporter of the FARC, the guerilla movement? The FARC was as much an organized criminal organization as a revolutionary movement by this time.

Q: Well at the time you were there was sort of the feeling that Colombia may essentially be a failed state?

FORD: That is a little strong but that concern was there. Many questioned whether Colombia would find the political will to take on these challenges. Fortunately it generated a political reaction in Colombia that elected President Uribe and support from our government with Plan Colombia to really go all out at reclaiming or maybe not reclaiming but claiming for the first time vast territories of the Colombian state that had never been brought under national control.

Q: Well again going back to the time you were there, was Venezuela from the American diplomatic perspective, the people who were involved there, both diplomatic and commercial seen as sort of a commercial, seen as sort of a safe haven because of what was happening in Colombia?

FORD: No, I think the issue was we had active programs both with Colombia and with Venezuela to cooperate and build capacity among our militaries and among our drug enforcement, our law enforcement communities. So we were working with both countries. Again we were in this early period, the first year of the Chavez presidency. There was again I think some of us that had doubts but there was no pre judgment as to where this would go. These programs did not stop with the election of President Chavez in 1998, so we continued to cooperate with Colombia and Venezuela and other countries in the region against the drug cartels and other organized crime activities. In the back of

people's minds I guess there was the question: is this going to change over time? As I was suggesting, it did, but not in 1999.

Q: How did you find dealing with the Colombians, Excuse me, the Venezuelans one at the government level and two at the business level?

FORD: Well the government level, I didn't, given the way we organized at the Embassy. We had a very deep and strong State Department economic section. I dealt mainly with the private sector. We interacted at times together with the government bureaucracy when we engaged in trade negotiations or issues like intellectual property right protection. The Venezuelan private sector was dynamic; they had to be given the challenges of working in a fairly arbitrary and capricious government system. The problem for business was a very heavy handed bureaucracy in the sense of rules and bribery and corruption. In the six months that I was there, I found the Venezuelan marketplace to be a very difficult one to trade in. I am talking about very basic steps such as getting product through customs. Whether it was the Embassy having trouble getting furniture delivered or business people having trouble getting their products processed through customs inspectors, it was not a country that was agile about starting businesses, creating businesses, dynamic businesses. I think today it still ranks very low in the world in terms of a business friendly environment.

Q: Was that so often if you have these bureaucratic things there is a reason behind it, the idea making it difficult so you pay money to pass, essentially bribery.

FORD: Yes, one of the great ways to deal with bribery in many countries in the world is to eliminate the opportunity. But clearly that was a heavy burden for any company coming in from the outside. I was struck time and time again, the way the oil market collapsed in the years preceding my arrival, with the difficulty people had getting paid, contracts not being honored. There wasn't an effective rule of law system. Again from a trader's point of view you really want to make sure you could protect yourself to be paid and to recover you merchandise if you were not.

Q: I would imagine that despite all the problems the oil business where most of the equipment is Americanized. I mean the oil companies pretty well get their stuff, and it was almost a separate economy.

FORD: Well very much so. The story is how it has been so horribly mismanaged during the Chavez administration to the point that it today is a hollow shell of the company that won the prize in 1998 for best state run oil company in the world. But it was a very efficient state run company. So the oil business and the gas business worked on its own. Much of the rest of the Venezuelan political economy became about who received the money that was generated by PDVSA and its international oil company partners. What parts of the state got it and what other sectors got it. There was Aluminum. Again there is huge mineral wealth but often not the infrastructure to allow for the minerals to be removed for processing. And then mining in Latin America has always been difficult because of antiquated Spanish colonial era laws that make it hard to contract or give

concessions; and the corruption issues re emerge. But the oil companies were fine. Venezuela had CITGO. Many people don't know this but, CITGO is a wholly owned subsidiary of the Venezuelan oil company, headquartered in Houston. Frankly a lot of the day to day commercial work at the Embassy I would divide into solving problems. People were coming in with problems, American businesses or their representatives. Or we would take Venezuelans to the U.S. to visit trade fairs. They had the money to travel to the U.S. Las Vegas, Chicago, and Houston were the three most visited cities where there were trade shows. Remember that there was an enormous volume of U.S. consumer goods imported. The grocery stores were stocked with American boxed cereal. So when you overvalue your exchange rate as has been the practice in Venezuela due to its oil earnings, these consumer goods actually become very cheap. On the negative side, these macro policies create major disincentives to local agricultural production and caused many people to move to the cities in search of jobs. The Venezuelan economy even today has never really escaped its dependency on oil. Of course that affects our broad U.S. -- Venezuela relationship. At the time I believe, Venezuela was providing the U.S. with a quarter, 25%, of our oil imports. It is very interesting to note that Venezuela can't sell its oil anywhere without first sending it to the U.S. to be refined. So there is this very interesting relationship as Venezuela is not only dependent on oil but also on the U.S. market. Even now after more than a decade of rule by President Chavez.

Q: High sulfur content, something like that.

FORD: Yes. So there are no Venezuelan refineries capable of processing this heavy oil. They are trying to construct pipelines to ship to markets other than the U.S. We could obviously find our oil somewhere else in the world a lot easier then the Venezuelans could find where to ship their oil if we didn't buy it. That had political implications obviously.

Q: Would you say the Venezuelan commercial class was very much looking towards the United States, one for education and two to go shopping in Miami or so.

FORD: Very much so. Clearly there are some world class entrepreneurs there. I mentioned the Cisneros family. The education process for the children of the elite and upper middle class included the bilingual schools, the U.S. universities, Miami and New York as your shopping place, and so therefore you are not necessarily depending on many things in Venezuela. I think it creates a phenomenon where you are not necessarily as concerned perhaps as the common Venezuelan, the normal Venezuelan, as to inflation and how expensive the imported product becomes. You can find it and buy it directly in the U.S. But as you would expect in so much of Latin America or at least northern Latin America, there is much economic and cultural integration with the U.S. The establishment has frequent contact.

Q: You have been around; you have served in Latin and Central America before. How would you say the sort of the class structure? I mean was there…

FORD: I don't know how to make this statement and not sound foolish; Venezuela was a middle class country as opposed to a country with only two classes, rich and poor. There is no comparison of Venezuela with Argentina except that it is a country that like Argentina has a middle class that has been important to its political and economic development. And it is a country that historically has been open to immigration. In Argentina, it was very apparent that many of the same waves of European immigration that came to the United States in the late 1800's and early 1900's went to Argentina as well. And in the case of Venezuela the waves of immigration were more recent. There was a lot of Spanish and Italian immigration after the Spanish Civil War and after WWII. Many of the male employees at the Embassy had been serving quite a few years with us and had arrived in Venezuela from Europe after WWII. The families of war ravaged Europe had come to this prosperous comfortable middle class country that is Venezuela. So I think the immigration piece, the middle class piece and all that goes some way to distinguish Venezuela form some of its neighbors.

Q: What about sort of the indigenous Indian population?

FORD: Well there is a population but it resides in the Andean part of the country that I did not have time to visit in my short tour. One of my major regrets is not having attended a bullfight in Merida or San Cristobal.

Q: So it is not a huge mass.

FORD: Not like Guatemala. I should though defer to a more knowledgeable person. I was only there for six months.

Q: Ok, let's take a look at how did the Commercial service fit into the embassy?

FORD: Well quite active and quite important, and worked very closely with the economic, political, and military sections in particular. Often you had American companies selling to the military. If that was with U.S. Foreign Military Assistance (FMS), the sale went through DOD, but if it were a commercial sale it would go through the FCS office in coordination with DOD and State. Because of the oil wealth, the Venezuelan military had access to buy things on their own. They didn't need to have FMS necessarily. Given the huge economic relationship that we had, we worked very closely with the Economic section. We coordinated with the Political section, because many of the business leaders of the country were obviously active politically as well. I mentioned that the one thing that was intriguing to me was the sale of the voting machines to the Venezuelan electoral commission. Our Ambassador would always take the credit that we helped the Venezuelan electoral commission buy these machines and the reliability and efficiency of these machines was why the Venezuelan public accepted that Chavez actually won the 1998 election. Because of the electronic voting machines, the Venezuelan authorities had a very trustworthy vote count one hour after the polls closed. So it was an interesting story where the Venezuelan electoral commission a few months before the '98 election put out a bid for electronic voting machines. Because they were again looking ahead to their elections and wanted to get away from the paper ballot

box and individual vote counting, they turned to the U.S. for the latest technology. And again, unlike a lot of countries in the region, they had the money to buy the machinery. So there was a firm in Kansas that we identified on our trade shopping list that specialized in these electronic voting machines. They made their money interestingly enough not on the machines but by charging for each ballot cast, because it was protected intellectual property. This later on became a problem for us. Another interesting aspect is that because the machinery is so high tech, they cannot be stored in a hot warehouse and discarded until the next election. So these two issues, the charge per ballot cast and maintenance and protection of the machines became a problem later on for the company and for the Embassy. In sum, Chavez's victory was declared within an hour because of this equipment, and many people told me that, because of the concern about Chavez within Venezuela, if this had been a traditional voting process you might have seen more fraud, less transparency and a greater effort to deny him the victory. So this became something both Chavez and we were both talking about as a great example of collaboration between Chavez and the U.S. with the electronic U.S. manufacturer voting machines. I can't resist pointing out how ironic this must have looked after our U.S. Presidential election in 2000 given the difficulties with the Florida vote count! By the time I got to Venezuela, the U.S. manufacturer was running into problems. The Venezuelan government didn't want to pay royalties for each ballot and were going to buy paper from some local paper manufacturer rather than the use the quality of paper required by the machine manufacturer. So we had a big trade dispute brewing. Then frankly many of the machines weren't working because they had been thrown into the hot warehouses and hadn't been maintained and they couldn't use them. Chavez at that time was running about four or five national elections a year. He liked to have constant elections. Regardless of the problems though, this story represents an interesting success for a Foreign Commercial Service program. We were able to find this small company who had never sent any product outside of the U.S. They had never gone offshore and then they ran into all sorts of payment problems because a lot of their payment stream was based on being paid for each ballot which was an up front agreement. It wasn't a surprise to anybody. But follow up in a country like Venezuela can be difficult.

Q: Who were sort of your rivals, European firms in various aspects?

FORD: Yes, some British companies particularly in the oil and gas business. The French, Italian, Spanish. The Spanish were very big in construction and engineering projects. Again this was true throughout Latin America but particularly I remember in Venezuela, issues where American firms had difficulty given their business practices, doing something illegal here to compete with a European firm in bidding on a contract. I always found the American firm would bid the contract and add in all the extra costs and put a price up there that would put us out of competition, whereas the Italian firm or the French firm would quote a very low price and then adjust the contract in the out years of the contract. In fact I would try to track the contracts over time and demonstrate to the Venezuelan contracting official that at the end of the day the Italian firm got more money than the American firm did, but it related to how the two companies just chose to present their quotations. I couldn't persuade the American companies' lawyers to look more creatively at how they determined the price. I tried to indicate to them that in this country

the standard practice was every year to go in and adjust the price rather than to try to anticipate where all the prices were going to go over the life of the contract.

A few months after arriving in Caracas, Secretary Daly, who was the Commerce Secretary at the time, reached out to me and asked me to help him out on a innovative FCS project. The Department had decided to establish an expanded new office for the Commerce Department, not just the FCS but the entire Commerce Department, at the U.S. Mission to the European Union. Having served in London for the five years I had really wanted to do this while still in London but was required to take the hardship assignment in Caracas, so I got the call and we talked to everybody and found a replacement for me in Caracas, so I left that Christmas season, holiday season, arriving in Brussels in January of 2000, and spent the next 3 ½ years there.

Q: This is 2000.

FORD: This is January, 2000. I was there until July of 2003. I was tremendously excited to have the opportunity to serve in Brussels and focus on the European Union given my previous work in Europe, first in Barcelona in the middle 80's right after Spain joined the EU. I developed in that Barcelona assignment a real practical appreciation for what the European Union meant to transatlantic business issues. And then coming over from London where I led our entire commercial program in Europe, it was a great step to go to Brussels and look at the evolving continental marketplace through the lens of a federal city. The European member states had ceded their sovereignty over much of their market to Brussels. Again, given my responsibilities in the trade and investment and commercial relationship area, the new single market meant that much of the action and debate was in Brussels and not in the capitals of the member states.

Q: Yeah, in many ways the European Union, the guts of it was commercial activity, sort of like the tax union or something.

FORD: Exactly. You might recall that it started out as a six country oil and coal and steel community formed in the 50's. Then it evolved into the European Union with a commitment to create and perfect a single market, and then finally in the late 1990's many of the member states joined the Euro. The EU then became a monetary union as well as a trade union. During this evolution, the EU kept expanding from its original six member countries to 15 member states during the time of my service. At that time, there was a commitment to expand and include 12 countries from Eastern Europe. This expansion had very interesting consequences for our trade and investment posture in larger Europe. As Poland and the Czech Republic and Hungary were negotiating their entry into the EU we wanted to make sure that the terms of entry didn't disadvantage American interests. As I mentioned when Spain joined, several of our interests in the agricultural area were hurt because Spain switched their sourcing from U.S. to European agriculture for some of the basic grains. So engaging in a conversation about the EU expansion to the East was a key part of the job. But it was a fascinating time to have been in Brussels as the institutions of the European Union were expanding and building capacity to take on the responsibilities of operating and directing this new monetary

union with the Euro and began a discussion about the nature of the political union that they required moving forward. The European project continues to evolve and confronts massive challenges as it moves forward. Many years later the EU institutions approved a constitution that they started to talk about when I was working at our EU mission. So obviously that impacts business too. Politics and economics are inseparable. But the Commerce Department was challenged with defending American commercial interests in the European Union when you have the markets in the member states but the rules written and enforced out of Brussels. This evolving and not fully created federal union was a complicated institution to explain to American companies! But I found it fascinating to try to understand how the rules were written. At the US Mission to the European Union (USEU) we had an economic section obviously that was very involved in this, and we had USTR, the U.S. Trade Representative, who had one of its two overseas offices here in Brussels. Three actually, one in Japan, and they had one in Geneva. So the USTR, FCS, Econ, Agriculture, we had a large group dedicated to working with, understanding, and negotiating with the EU institutions in Brussels. At the beginning the entire U.S. mission to the EU was an economic mission. By the time I arrived, USEU had a political section and a DOD representative and a senior USAID leader who coordinated our assistance programs; so USEU was becoming more representative of a normal country team found in most of our embassies. Our FCS focus was on technical rules and regulations and business standards, because that was so much of what impacted American business that was dealing with Europe.

Q: Well you know, sometimes these rules, they are always described in terms of the greater good or something, but often there can be a real malicious movement behind it. In other words how to screw the Americans our keep the Americans out.

FORD: Or anyone who is not in your club.

Q: Or anybody else. Did you find that and how did you deal with it?

FORD: There were two elements that needed to be addressed or confrontations happened. One I think there is an interesting philosophical difference between the Europeans and ourselves as to what is the role of the marketplace. I mentioned this is one of my other assignments. I think our general view is that the marketplace works and the government intervenes when the marketplace is not working, or where there are imperfections in the marketplace. But the idea is to let individuals work and then government would address any issues that turned into problems. The European view, in my sense, is first they make the rules and then they let the market work. So it is much more of a very predominant role that the state is given in much of continental Europe. I think it is interesting to look at the British and Irish experience because I think you will find that they traditionally addressed the issue as we do but have changed to accommodate to the EU approach. You have a sense on the continent that the state starts by establishing the rules and then those rules guide the market as opposed to the market existing and allowing this kind of creative destruction and dynamism. For example, there are new financial services reforms being proposed in Congress because it looks as if the market didn't work too well these last few years. So these philosophical differences have created considerable tension in

our trade negotiations in recent years and we are working through dialogue and negotiation resolve them or at least address how the two approaches do not discriminate against companies from either the U.S. or EU. The U.S. and the EU are still at the heart of the world trading system although now recognizing that developing countries need to have a bigger role, countries such as Brazil, China, and India. The second element though, to your point, is that these rules often have the impact of discriminating against US exporters. I am not one of those that believe that there is always intent to have a rule that keeps a competitor out of the market. Sometimes the information just isn't clear to the other company from outside as to how to get into the market. Quite often I would find an American firm would inform us that its importer had been called up and informed that the EU had just passed or made effective a new rule and the US exporter would have to do X,Y, and Z or they couldn't keep shipping their product. Then we get this urgent call that they are trying to keep us out of the market, and sure enough, there are competitors in the marketplace but was it the competitors that managed to restrict the product or was it the fact that because of the nature of the system, the US exporter wasn't hearing from their importer in London about the change in the rules. So there is a considerable confusion sometimes as to where this new rule came from and why didn't I know about it. I found that a lot of American companies would come in with that complaint, and we would help them navigate the process and be able to continue to export. That was one of our most satisfying jobs. We could make it more transparent and simpler for them in that they only had to do these four things and then they could keep on exporting and take away the idea that they were being attacked.

Q: Well in the first place in a way you are almost looking at a psychological element of bureaucracy. Bureaucracy exists to make rules. And you have got these gnomes of Brussels sitting around saying, "Gee we have got time on our hands, let's figure out the configuration of pickles."

FORD: There is the famous story of trying to get rid of the English pint of beer. You shouldn't be able to get a pint now because since 1973 the UK had entered the EU which had the metric system. There is your point: that once you create a bureaucracy and you have the mentality that that bureaucracy is to set the rules for everything, you get a machine that starts to work very actively. On this one though the EU bureaucrats met their match and you can still buy a British pint of beer at a pub today!

Q: Let's stop for a second.

FORD: It is the numerous layers of bureaucracy that is important to appreciate. You have the bureaucracy in Brussels, the European Commission, staffed with very knowledgeable technical people in practically everything. Now it is not just that group that sets the rules. Each of the 15 member states sends their technical people to work with them on it. Then if this process obtains approval from the Commission it goes to the European Parliament, the European level parliament. Then it has to go to the European Council of Governments. Then let's say many years after all of these institutions pass these rules, it must go to the 15 member states to be implemented by national legislation. So often from a business point of view, the trader only sees if they are importing this or exporting this to

France, they only see the French government. And there are often differences as to how the French might implement the same rule as opposed to the Germans. So there is an enormous challenge. It is not like you have a federal government. They have still independent sovereignty in these 15 countries that are members of the European Union. That creates a real challenge for the concept of a single market.

Q: Did you or did we create the equivalence of an information center? You have got these gnomes of Brussels working on rules and things like that, and we are trying to get American things in. I mean was there any organization including yours, taking these things and translating say what this really means is?

FORD: That is a great point and I think the short answer is we did not do this directly because the American Chamber of Commerce in Brussels had an excellent group called the EU Committee which has now become a separate American Chamber. So that committee composed of U.S. subsidiaries in the EU was connected to the U.S. Chamber of Commerce in Washington. Their main mission was to follow the rule-making process of the EU institutions. Unfortunately, U.S. based companies/exporters did not have an office following either current rule-making or maintaining a database of existing rules and regulations. Our challenge, which was why I was asked to create this new office, was that each of our embassies in the 15 member states had a FCS office. And that is where the U.S. based company would go. They were coming to London and Rome and Paris and Bonn and Düsseldorf and Berlin and all the commercial parts of Europe. We needed to connect our office in Brussels to those offices so that when we had an issue in those offices about an EU rule, we could become a resource for the embassy to answer the question or be the advocate to help solve the problem. So our goal was to serve as an enabler of the embassy offices. At another level we were very actively involved with American trade associations, and larger American companies that had a presence in Brussels. Our goal here was to influence how the rules were written, so we would work as an intermediary or convener to engage informally the European Commission and other European Union institutions. There were many formal relationships to insure that American exporters could make their views known so that the rule-making was informed and did not prejudice trade. But for me, what I found really exciting was how to unlock Brussels and make it less mysterious, more transparent to our U.S. companies and our embassies. Not by getting in the way, but by understanding what our office needed to know and to get that information to the US companies and to be available to assist them.

Q: You say the embassy. You mean the embassy to the European Union.

FORD: No, our U.S. embassies in the individual member states of the European Union. That is where the American companies would go, not Brussels. But invariably if they had an issue that issue was going to have something to do with Brussels. They would see this big brochure in a foreign language on new regulations and they would often just decide that this market was too complicated for them. We can help make them understand that it really was very simple. Or we would explain how we could take their case to one of the Commission offices and complain about it, because it was unfair and had unintended consequences. We could serve as an advocate to work out solutions. Again all of these

services would be on an informal basis. We had an entire series of formal relationships. Here the most interesting issue in my tenure was steel. Steel was an interesting issue because it became a major trade dispute between our two economies. So when we restricted steel exports from Europe to the U.S., I believe that was in 2002, which was a Commerce Department lead activity and created quite a bit of anger in the European Union. So I was a member of many US trade negotiating teams that visited Brussels to work on the steel issue.

Q: Was this involved in retaliation for something?

FORD: Well they were retaliating against us. The Department of Commerce and the International Trade Commission reached a decision that determined that steel imports in general were hurting U.S. industry. Thus, steel imports were restricted for a period of 18 months. The decision included European imports which the Europeans felt were not injuring American firms. They argued that we might be injured by Chinese imports or imports from somewhere else, but not Europe. So they took action against an equivalent amount of our exports, and we had a very nasty trade dispute that went on for about two years until they actually won their case in the World Trade Organization (WTO). That was one big issue. There is another great issue that I found very interesting, and is still obviously very interesting and that is data privacy. The Europeans in general in electronic commerce have a system that if the consumer wants to receive certain electronic information from a company, that the consumers have to opt in and ask to receive the information. Otherwise, the company was not allowed to send you information that you had not requested. We have the opposite system which is opt out. We receive all electronic mail until we figure out a way to indicate that we don't want to receive it. The European approach is you don't get it until you ask to get it. So it became interesting again, dealing in a global economy, creating systems that protect data privacy given our philosophical differences, and our own divergent views toward privacy. There were numerous issues but I would focus on three as dominant: the data privacy issue, the steel issue, and then there was a huge issue about a proposed chemical regulation that was developed to protect the environment but had massive unintended trade consequences. This was another example of the Europeans regulating chemicals and products like batteries to deal with environmental protection but very easily writing a regulation that had the intended or unintended consequences of stopping American exports. For the proposed chemical regulation we developed a strategy to engage American companies and others in the EU rule-making process. I can go on but those were the three predominant issues that I remember.

Q: Did you get involved in things like computers and the systems within the computers?

FORD: Well not so much directly myself. Other sections of the mission did. Microsoft confronted a major antitrust case raised by the European Union when it attempted to purchase a competitor. Boeing, when it purchased McDonnell Douglass, faced a similar situation. Again the ever more global reach of American firms increasingly found that they could no longer count on a automatic approval by the European institutions, particularly the antitrust authorities. Those cases did not just involve my office but the

Economic section of the State Department, the Justice Department, and a range of Cabinet offices.

Q: The subjects are really big.

FORD: They are huge and I think many American companies were caught off guard at that time as they had not fully factored into their decision-making the authority wielded by the European Union. This all of a sudden very aggressive European Commission had not played this role before.

Q: Did you get any feel for the European Commission and the bureaucracy around it? You were in Brussels.

FORD: Well, there were three institutions. The Commission, the main institution historically, which served as the Executive power. It was the Commission that had the authority to conduct trade policy, oversee the single market, the environment, the enlargement on behalf of the member states. Much of our work was with the Commission. But over my tour of duty, the European Parliament was beginning to play a much more important role. So there are parliamentarians elected from all the member states to serve at European level.

Q: They are in Strasbourg aren't they?

FORD: They are in Strasbourg and Brussels. They have a large new building now in Brussels and they probably spend more time in Brussels as opposed to their Strasbourg home base. You are right, that is where they were initially located. I think one week a month they are in Strasbourg. Until this century, they basically had some rubber stamp authorities, but they were beginning to exert themselves more over this last decade. My friends in the Political Section told me that the officials elected to the European parliament were no longer the kind of second level officials from the member states. Many times now these were important people that were going to run and play out their role in Brussels and go back to their home country as national leaders. Then, the third institution, one that was most unknown to me was the European Council. The Council is where the member states themselves sit and involve themselves in the legislative process. So you have a Commission which is like the executive branch, and the Commission has two checks and balances on its power, the Parliament which is like our House of Representatives and the member state Council which might be compared to our Senate. This was all very important to understand, so we worked quite hard to understand the role of each institution on commercial issues and how they worked together or might check each other. Part of my leadership responsibility was to travel to our embassies in the member states to educate them on how the EU worked and also to educate myself as to the kinds of issues they were facing and how our office in Brussels could serve as an advocate for them. With the Embassies, I worked not only with the FCS but also the Economic Section and at times the Political Section and the Office of Defense Cooperation. We organized seminars for the economic agencies at post to understand how the EU economic policy and business regulation process worked, so that they could

recognize why in their countries they should expand their contact list to not just include the relevant officials that dealt with the North American market, but also those officials who handled relations with Brussels. These officials could have a very significant impact on American business in their country. We actually reached a point where we were organizing conferences in Brussels where the American ambassadors to the various EU member states would come and attend two day seminars with us and meet key European Union officials. Again it was a very dynamic time in what was a long term process in Europe of evolving power to a federal like entity. The period I was in Brussels was intriguing because the Euro came into effect for most of EU member states. Not the British. The Danes were I think still out. But most of the members had joined the Euro in the late 1990's. Having a monetary union basically around what is the old Deutschmark zone of influence strengthened this push for a more federal Europe. They just this last year elected or named a President of Europe that serve for more than six months and a new Foreign Minister for Europe. One could observe another period of major consolidation and strengthening of the European project. Since the European Coal and Steel Community of the 50's and then the 60's and 70's and 80's when the focus was on a single market. Now in the early years of the new century, there was a sudden move to monetary union. There is this very interesting experiment going on for the last half century of creating an economic union so as to create the conditions to move to an eventual political union or federal arrangement among European States. If my history serves me right, I am not aware of this process every working as other cases start off by creating a political union that then fosters a national marketplace. So it was very interesting to observe this group of leaders struggling with the issue of what was the right mix of sovereignty to transfer to Brussels.

Q: Was this looking at it sort of objectively, was this basically a French-German creature?

FORD: Initially yes. When there were only six countries in this project, I it was very much dominated by France, Italy and Germany. When the EU expanded to 15 member states, the French and German influence remained strong but the entry of the United Kingdom began a process in my view of lessening the commitment to a federal Europe and deepening the effort to focus on enlargement and the creation of a single market. It has been very interesting to follow the evolution of Spain, particularly under the administration of Prime Minister Aznar. Spain started to break out of its deferential role with the French and began to develop its own set of interests in Europe. I am sure now with the enlargement to the East with 27 members this influence of France and Germany is further lessened although still important. Poland for example, I believe has almost as many "votes" technically as the French and Germans. But I believe frankly that this Franco - German center is not as dominant as before.

Q: Well you know here you are working on this. In a way this is the culmination of what we started in 1950. We were tired of what amounted to these damn civil wars in Europe particularly between the French and the Germans and get them together. Began with the coal steel community and the whole thing. Our hands were all over every step of the way

pushing and prodding and getting it to happen. But now that it had happened, were you picking up any people saying, "Oh my God, what hath we wrought?"

FORD: Well, I would hear a lot more of that kind of rhetoric let's say when I was in London and the UK. The Brits were in general very skeptical of the European project and particularly the growing strength of the financial services industry in Frankfurt. I also believe that for those who want to create a more federal Europe, it has been a mistake not to have a more public, political dialogue about why this is needed and how it would have a positive outcome. Many citizens of Europe give credit for what they believe is good to the national government and blame Brussels for what is bad or undesirable. That political attitude does not help if one wants to promote Brussels and the Union. In the end, the French people turned down the effort to pass a stronger EU constitution which is remarkable when you realize how much France has invested in the EU.

Q: I thought it was the Irish.

FORD: And so did the Irish. Two thoughts to offer: when you test the proposition of Europe through some vehicle like a referendum you really find a lot of people that aren't really ready to give up their national sovereignty to Brussels. Yet on individual proposals, there is quite a bit of support. We haven't talked about the money yet. Another part of my job in Brussels that was new for FCS was to reach out to the European Investment Bank in Luxemburg and to get a sense of their financing priorities and whether and how subsidiaries of US firms could be eligible to apply for some loans or supply goods and services to some projects. The Bank focused its financing on infrastructure type projects throughout Europe. But how could American companies participate in this very big financial market? We felt through the WTO there shouldn't be any restrictions on American firms going after much of this project finance. The Bank helped transfer large amount of resources for infrastructure and other public goods investments into the newer, lesser developed states that joined the EU. So when Ireland and Spain joined the EU there was a lot of money coming from Brussels. I think we could actually learn a lot from that as we look at our free trade agreements in this hemisphere as to how not only to have this focus on trade but also on investments in infrastructure and education and health so that the poorer country coming into the Union can have a chance to participate more actively in the economic growth of the region. But to your question it was very clear that the public in Europe has not been asked to comment much or talk much about this idea of having a United States of Europe. I think the phrase is "do you want a United States of Europe or do you want a United Europe of States?" That last phrase always captured to me the current state of affairs; the European public really wanted to have 27 member states, with Brussels doing some things, but with the desire to maintain considerable sovereignty in each nation state or even regions of nation states such as Catalonia in Spain or Scotland in the UK. I guess we went through a similar debate in our formative years as a republic and it was resolved in our Civil War in a more definitive way.

Q: Well what about you came there after the Bush administration was in power.

FORD: No, I came there actually in the last year of the Clinton Administration, in 2000.

Q: All right well that brings even more so you have we get involved because of the Iraq War…

FORD: I was there when it started.

Q: and you had a series of events talking about well that was old Europe and this is new Europe. I mean were you seeing was there a feeling that the Bush administration was more skeptical about the European Union?

FORD: That is a very good question. I think some senior officials in the Bush Administration had that feeling but I know it was not shared by the officials I worked with in the economic policy part of the Cabinet. The immediate impact that I saw after the transition to the Bush Administration was with regard to climate change and the Kyoto agreement. I think it was in the spring of 2001, we announced we were not going to continue that discussion. That decision and the manner in which it was announced in a White House press briefing receive considerable negative attention in Europe, maybe throughout the world. Brussels was disconcerted totally, perhaps by the way it was communicated, but then by the policy content itself. I would be remiss though not to mention the tremendous warmth and unity that we all felt after the 9/11 attacks. All of our policy differences were brushed aside in a display of unity in the face of the terrorist attacks. I remember being at the Commission in the office of Trade Commissioner Lamy with a trade delegation from the U.S. in town to co-host a major Trans-Atlantic Business Dialogue Conference and dinner. I must say the European outpouring of support and solidarity that day and for the next weeks in Brussels was so moving and exciting that I can never ever forget how meaningful it was to me personally and as an American. This happened all over Europe and was particularly strong in the countries of "Old Europe"; it was a huge sign of unity and a feeling of warmth between our two countries. But in the months after the Iraq war started and given how the war went in those early months, there was quite a bit of hostility and almost daily street demonstrations in front of the U.S. Embassy and the U.S. Mission which was right next door. As we left Brussels that summer of 2003 to return to Washington D.C., Brussels was a different city in terms of attitude towards Americans. It reminded me a great deal of the attitude I found towards Americans when I traveled to Europe years before as a student during the Vietnam war.

Q: Why don't we talk a bit about your impression of you might say the Turkish problem.

FORD: Well that is a good place to conclude this segment because by the time I left in 2003 the discussion in Brussels was increasingly an uneasy one about Turkey which was the next country in line to join. The process and political decisions to enlarge the Union to 27 member states in 2005 and 2007 was already in place. The details needed to be negotiated with Central Europe; the last two remaining states being Romania and Bulgaria. But again you earlier mentioned in your questioning the U.S. support for the creation of the European Union which has been successful. We haven't had any other wars on the continent since this process began. I think now everyone is so tied together that I can't imagine any backtracking in that area. But the question became after going to

25 or 27 member states, should Turkey be next? I know that President Clinton and President Bush and President Obama very much support Turkey's application for membership into the European Union. The discussion in Brussels over the question of Turkish membership was fascinating to observe in those last months of my assignment. Major American trade and investment relationships were anxious to expand the single market and include Turkey. My particular focus was to understand where we had a major presence in Turkey and in Europe and how Turkish membership could actually advance our commercial interests. But more broadly speaking, the issue of Turkish membership really captured the debate in Europe over two very different visions for the European Union project. From my personal perspective, the views of the British and Nordic member states supported a growing European single market with a focus on trade and investment but not on a deeper commitment to a federal Europe. The opposing point of view, held by a core group, France and Germany, Belgium and some of the original members preferred a smaller, more federal union, more of a United States of Europe union. A Europe that is much more than just a single market.

Q: Yeah there is that phrase saying prior to the civil war Americans would say "The United States are," afterwards, "The United States is." Well what about..

FORD: But Turkey really pushed that envelope as to an almost existential question for many: Is Turkey really a European country?

Q: Well tell me were you being, this may go beyond obviously the commercial side, but it doesn't mean an observer or participant in our diplomacy and all, the impact of particularly African and middle eastern immigration and oh hell, Indonesian. I mean any wave of immigration which is really quite a different flow from what we have experienced.

FORD: Now that is a great point. A reason that I truly loved the job in Brussels so much is that I was able to observe, analyze and act on the big issues of the day, through the lens of course of US commercial interests. My challenge was to interpret these trends into meaningful work products that could be used to advise US exporters and investors on transactions they were considering right now but with a view towards the future. The demographics of Europe were becoming a concern to large American companies, frankly to European companies as well. For example, if German demographic patterns remained the same, I believe by 2050 Germany's population would be reduced to half the size it was in 2000. So clearly given the aging population and the declining fertility rate, it became mandatory for Europe to grapple with the issue of immigration and how to have much more of it. This was an enormous struggle and will continue to be one given cultural and historical norms and traditions.

Q: Sort of almost the ingrained inability to absorb immigrants. We have perfected this very well as a nation of immigrants.

FORD: We are a nation of immigrants, as imperfect as we still are; I believe we have gone through all the trials and tribulations to create or attempt to create a melting pot

where over two or three generations immigrants are successfully integrated into the mainstream. In my time in Europe it was the Spanish who left for Germany and France, later to return when the Spanish economy started to take off. The UK economy was booming in the mid to late 90's and they received a lot of immigrants, and you frankly had a lot of other European Union citizens going to the UK, which was a more dynamic entrepreneurial economy and Ireland; so you had this movement of people within Europe, not just from outside of Europe. It was fascinating living in London in those years where I would see so many examples of this intra-European immigration, whether the waiter in the restaurant or the investment banker that was coming over form continental Europe because they wanted the excitement of this entrepreneurial and innovative economy. I know that some also came to the United States for the same reason. But the challenges looking forward were enormous. A dramatically declining birthrate and an aging population will place enormous stress on the welfare states that are common across Europe. There would be no way that intra-European immigration would solve this structural problem. The only answer would be to increase the fertility rate or promote large scale immigration or some combination of the two. So where I would be exposed to thinking about this more is in meetings with investment bankers or other bankers looking at sectors and opportunities and trends where they would want to develop scenarios for the next 20-25 years. There was this kind of step back and a little bit of a gasp when we looked at the demographics and then the question was could immigration fill that gap? I remember engaging with business conference boards and some business global think tanks. It was fascinating to have them look at U.S. demographic trends and compare them to trends in Europe. Our numbers looked very good in comparison. Our own domestic fertility rates and our immigration trends were showing promise that we could have a dynamic situation for much longer than Europe. Now nothing in life remains static. I mean indicators today point to German population growth going down by half, but that is just a projection based on a non dynamic situation. That said, you do begin to wonder about the capacity in Europe to absorb significant numbers of immigrants to participate in their economic life if for nothing else to sustain their current economy and have some level of growth.

Q: And also whatever the immigrants are coming and they are non absorbable. I mean it is not that they are not absorbable but they are not being absorbed.

FORD: Well the U.S. situation is fundamentally different in that our immigrants have come in waves from Europe and Latin America, speaking Spanish and coming from a Judeo-Christian tradition. Look how hard that has been for them yet we have managed to create a culture and society that works to integrate and move on. It has made it easier for immigrants from Asia that do not meet that profile. Europe meanwhile sees as its source of immigrants coming from Turkey, the East and Northern Africa, often from a very different ethnic and religious tradition. That said, many European countries have very pro-active skill-based immigration programs where they seek out immigrants from all over the world identified by market-based needs.

Q: Well just like the Turks came in like guest workers back in the late 40's and many of them haven't really been absorbed into Germany yet.

FORD: Exactly. There are these rigidities.

Q: Did this come up as a question or a policy? Ok I am setting up a bookbinding business. Should I go out and hire Moroccan immigrants or should I try to stick to native?

FORD: Well the first tier question was often just thinking out loud about the current size and skill base of the labor force needed and would that labor force be there in 25 years. In other words who is going to be here to buy the cars, or XYZ? This was more of a question for the larger American companies already in Europe rather than for the U.S. exporter. The trader doesn't get as impacted by this. I never had in Brussels the discussion about what kind of worker you would hire. I know in Spain, in Barcelona, it was interesting to understand the lack of mobility that you find in much of Europe as compared to the United States. That is another point that relates to immigration, many companies that would be looking to expand or to modernize or to inject a new product into the economy would find it very troubling when they put a plant maybe an hour from where the old plant was and they couldn't get workers to travel there. They would hear phrases like: "I am not going to travel that far. I am not moving from my village." Now this might be a generational issue that the younger generation doesn't have, but there is a reluctance to leave home. That together with a lack of immigration was troubling many companies as they couldn't answer the question of how they would find sufficient workers for their proposed investments as they go forward into the next 20-25 years.

Q: All right well should we move on?

FORD: Sure. The next two years were back here in Washington where I was the AFSA Vice President and also worked on some projects for the Director General.

Q: OK, what are you up to?

FORD: Well that is an excellent question. As we discussed when covering my time in Washington as Acting Director General, the FCS had a structural problem in that there were no meaningful senior jobs in Washington. As you can see from my assignment history, what was left to do at this stage of my career? I had served in Latin America and Europe. I had been the Acting Director General and head of FCS plus served in London as the Career Minister. Frankly, the Brussels job was the senior career job in Europe and our most senior position, except maybe for China and Japan, and those positions were reserved for linguists and senior area specialists. I had done all of the major jobs and was really thinking about leaving the service and returning to the private sector. So I thought out of the box and said let me do something before I leave that I always wanted to do, which was to contribute something back to the broader Foreign Service. So I was elected the Vice President for the Foreign Commercial Service for the American Foreign Service Association (AFSA). This decision stunned many of my colleagues. I had been the Acting Assistant Secretary and the Director General. I had been the Deputy Assistant Secretary. To my colleagues, I was one of the most senior officers in the Service. They

just couldn't believe I would take two years off and work at our professional association and union! But I thought that I really could make a difference serving on the AFSA board. The Foreign Commercial Service unlike all of the other Foreign Service agencies, only allowed the AFSA VP to dedicate 50% of their time to AFSA. It was a half time job to which I was elected and then I was assigned to work as an Advisor to the FCS Deputy Assistant Secretary for International Operations which is a position I held in the early 1990's. This position covered the other 50% of my time. I had a split job in these two years, 2003-2005, to serve on the AFSA board and to contribute some thought to the strategic direction of the Foreign Commercial Service.

Q: Let's look at these two. What was your impression of the AFSA board, this American Foreign Service Association, which is essentially the union.

FORD: Yes, it was interesting. With Ambassador John Limbert was our President, I had a very good impression of AFSA. Louise Crane was the State Department Vice President. I had been a member of AFSA since I joined FCS in 1982 but largely thought of AFSA as the professional association of the Foreign Service and not so much as the union. The union part reached FCS during my time at headquarters in the early '90's. We were not initially organized to be a part of the American Foreign Service Association. But we voted to recognize AFSA and sign a collective bargaining agreement with FCS management by 1996. What struck me was the dynamic board to talk about professional issues and labor-management issues that impacted all of the foreign affairs agencies. USIS was no longer an independent agency by this time. I don't believe that there was anything particularly startling that I did there except integrate as much as I could FCS management into adopting the new rules and regulations that came out of the State Department and into the Foreign Affairs Manuel (FAM), because this had not been automatic. Each agency had to agree to comply with the new rule. So I tried very hard to integrate our work into the broader State Department work on human resource issues. We had issues like the new rules that were issued on family, kind of a code word for same sex marriage partners and extended family members. These new rules made it easier for the partner who comes with someone overseas to be able to come into the embassy and be treated as much as possible as if they were actually married or a family member.

Q: Because there is a problem that does affect an awful lot of other business connections that if you are a diplomat, there is a stamp on you. You get certain immunities and all that.

FORD: Yes. There were continued discussions on what to do in this area without crossing the boundary of what is done for married couples and nuclear families. And it wasn't just the gender issue. Many officers were increasingly taking elderly parent along on orders because that way they could take care of them. So you had a whole range of family issues. I dedicated considerable time to the issue of spousal employment. My wife had a career at Eastern Airlines and had to give that up when I joined FCS. But I felt strongly that we had to do better in 2003 than we did in 1982 on this issue. It wasn't only unfair but unnecessary I believed given how many new opportunities to work overseas existed because of the growth of globalization. The Foreign Service community needed

to be much more aggressive in valuing and seeking out spousal employment opportunities that offered a career track. So I used my commercial connections and worked with the FLO at State and the State Department Director General. FLO is the Family Liaison Office. We invited in Manpower International and some of the large accounting firms and other service firms to explore not just how a spouse could go from a post to another post and try to find a job. I mean that is where you could start, but identifying career pathways was critical. Technology kept improving, creating opportunities for distance learning and for telework. Increasingly there were examples in the private sector where one could have a good career and still move around rather than separate from the service. I haven't seen the retention rates recently but I happen to believe there is an issue, well two issues really. Generations subsequent to my own are less likely to stay in jobs. The Foreign Service is built around a 25-30 year career path. That is not normal to think of in this day and age. So I believe the Foreign Service needs to change to fit the modern marketplace and continue to attract topnotch people, recognizing that they might not be there for a 30 year career; and, if they have a spouse or partner, how do we understand the consequences of that person having their own career. And let's not look at this as a problem to solve but let's be dynamic and embrace it. So I was trying to do in my time on the board, two things. Integrate the labor management pieces of my work into the broader State Department work so that the Foreign Commercial Service would be adopting all FAM rules. This gave us consistency and fairness in terms of other employees at embassies. We had our own particular issues to work on. The other key issue was spousal employment. My third issue was not possible to advance but it was to make the Service less dependent on seniority. The system isn't really built to allow somebody to come in and to give you a great ten years and leave. Maybe those ten years are from the beginning ten years or maybe the middle ten years. Our culture that I have been very much happy to be a part of is very hierarchical and built upon seniority. My own premise is the world has changed fundamentally and we need to understand that our best officers going forward might not be the people that hang around for 28 years and go through the visa line and to this and this and this, but there is a much different way to advance more rapidly. So I don't know if that resonates with you Stu. But spousal employment and our own personnel rigidities were the two things I wanted to work on. I enjoyed that a lot.

Q: What about the other side of your role as sort of a back sider advisor and all?

FORD: We talked a lot earlier and I wont' go back to that, about the strategic direction of the early 90's which I believe represent the high water mark of commercial diplomacy, the end of the first Bush administration and the beginning of the Clinton administration. This was a different time, but equally interesting as to what should be a new mission for the FCS. So I was tasked to review our mission, goals and objectives and resource allocation plan. This task wasn't motivated by the desire or need to save money, which is often the case, but really driven by the need to assess the structure of the FCS, realizing that the positions that we had inherited form the State Department in 1979 were heavily weighted to the top 67 markets but those market positions had changed considerably since that time yet we had never re-allocated our resources to match up with new priority markets. They were heavily weighted to the prime markets of the 1960's and 1970's,

Western Europe, Japan, the major countries of Latin America, some of the Asian countries. Not China obviously; not the former Soviet Union. So I was asked to first do a blue sky exercise; to stand back and place the resources where they should be with no reference to where we were now located. I was sensitive to the fact that as the union representative, I needed to work closely with management to insure that I didn't work on operational issues that could have an impact on manpower planning. I focused on the concept of what would be the market today if we were starting out new, and where would we put our FCS offices. As a result, we significantly reconfigured our map and that served as a guidepost to make future resource decisions when they caused least harm to our budget. I tried to take advantage of a variety of people's experience and make decisions as much as possible based on the data. We found that we needed more or less the same number of staff in Western Europe but not nearly as many officers. We needed more local employees with the officers concentrated more in the newer countries of Eastern Europe and the policy post of Brussels. It wasn't just the markets we assessed but what did companies need from the U.S. government in those markets. What were the best resource totals and combinations in a scarce resource world to allow us to serve the Chinese and Indian markets? How can we get ahead of the game by opening offices in states that were coming out of a failed status and into reconstruction? How we address the question of opening offices in the potential future markets of sub-Sahara Africa. That was the core of the project. I stayed away from the operational detail.

Q: Well it is a whole different world today. I mean you can sit in Des Moines and do a hell of a lot of research on the internet about things, but what you are not going to get is somebody who is going to sit down and tell you what is the real story.

FORD: Exactly. So those were the two projects I worked on. I will make the transition and we will start in Honduras the next time. Candidly, I thought this would be the end of my career. On a personal level, I came back to Washington as my mother's health was beginning to fail. She still lived in Dayton, Ohio. I had done all the assignments that were available over the course of a 23 year career.

You might recall at this time in Latin America, which is where I started my professional life, the Bush Administration continuing the work of Presidents George H.W. Bush and President Clinton were committed to negotiating free trade agreements across the Americas. The Clinton Administration actually proposed an entire free trade agreement which fell apart largely due to opposition from Brazil. But very aggressively with Robert Zoellick as the U.S. Trade Representative, the Administration developed a promotional strategy for a Central American Free Trade Agreement (CAFTA DR) with the Central American countries and the Dominican Republic. At that time Commerce Secretary Evans and Undersecretary Aldonas and the Deputy Director General of the FCS, Carlos Poza, asked if I would consider being nominated by the President, through the State Department, to become a Chief of Mission. Senior leaders knew that I had nothing else left to do in public service. They began to talk to me about why I had never expressed interest in an Ambassadorial nomination. I said, "Well I don't think it is the right of an FCS senior officer to become a Chief of Mission because the FCS needs to have one chief of mission assignment." This had been our approach in the past. So I said if there

was a system in place that would select the FCS candidate competitively I would express interest in open positions for which I believe I was qualified. I wouldn't want to be nominated because I am back in the building or I have done XYZ. But I would review open Chief of Mission assignments. The process as you well know takes over a year. So that year there were openings in four countries in Central America where you might recall I started my career working in Honduras and Guatemala where I was a young professional out of the Inter-American Development Bank (IDB) back in the mid 70's. Commerce now had an interest in Central America to insure the success of the new proposed free trade agreement, and I was qualified to compete for the position. So that is the process that started the winter of 2003-2004 and culminated later in 2005 with a Presidential nomination and Senate confirmation.

Q: Ok, well we will pick this up next time 2005 we will go through the Senate confirmation.

Q: Today is 19 January 2010 with Chuck Ford. Well let's start. We are picking this up when?

FORD: We were in 2004. I believe we ended at the time that FCS passed my name to the State Department for consideration to be presented to the President as a nominee for an Ambassadorship. In that context we were talking about the new Central American-Dominican Republic Free Trade Agreement (CAFTA-DR) and my qualifications to serve in Central America.

Q: Do you want to give us a little bit of the Central American perspective at that time, particularly looking at a trade agreement.

FORD: The privilege and opportunity to serve as an Ambassador in the Central America region is the major event of my career. For me it represented an opportunity to go "back to the future", if you will, recalling that I started my professional career in 1975 as an analyst at the Inter-American Development Bank (IDB) working on Honduras and Costa Rica. In the late 1980's I had served with FCS in Guatemala. So, it was so special to see this opportunity develop to allow me to return to Honduras 30 years later. During the time of my nominating process, the Bush Administration was finalizing negotiations of the CAFTA-DR free trade agreement and was seeking Congressional approval. This agreement was a core element of their policy to the region and together with other support programs promised to promote economic growth and the reduction of poverty. In the U.S. political context, however, trade in 2005 was a very contentious issue and Congressional approval was not easy. If I recall correctly the House of Representatives passed the agreement with just one vote to spare! That was in July of 2005. My confirmation hearing was in the latter part of September with final confirmation by the Senate in October of 2005.

Q: What was the problem?

FORD: Well the Administration was able to convince the deciding vote in the House by working out an understanding on the treatment that would be given to socks. But the overall debate in the end got down to the issue of the time and perhaps it is still the issue of our time: was increased trade liberalization still a good policy to promote growth in our own economy? Was it a positive force for our own political and social system? Also, was trade liberalization an engine to promote sustainable economic development and poverty reduction? When I began my career in the mid-1970's there was a general consensus among all parties in our country that the answer to these questions was yes or was positive. By 2005, public opinion and therefore political opinion was deeply divided as to whether these free trade agreements were positive for the United States or for the developing countries that were now joining them with us. There is still much divided opinion about whether our free trade agreement with Mexico and Canada, NAFTA, has been good for us or has actually hollowed out our manufacturing industry.

Q: Who was on which side?

FORD: Well the Republicans were united behind President Bush by and large. Trade agreements always break differently depending on the interests found in individual congressional districts or regions of the country. There might be an industry, I mentioned socks, where you might find a Republican voting against it and a Democrats for it. Trade had become quite a partisan issue and, if I recall correctly, the majority of Democrats were opposed, given support they received from organized labor. As we speak, President Obama is still holding on to three agreements negotiated in the Bush Administration, for Panama, Colombia, and South Korea. It is not clear when or if he will forward them to Congress.

Q: In the first place did you have any trouble with your confirmation?

FORD: No. There was no problem with my confirmation The date was interesting because my paperwork along with two other nominees going to the region did not get cleared in time to get a hearing date before the Memorial Day holiday. My colleague who was going to Costa Rica and another to Jamaica and I had to wait through the summer for a hearing date. We couldn't go in the July period because of the controversy over the CAFTA-DR Free Trade Agreement. So once that was through, and the summer recess was over, we had our hearing in September. In addition I faced a personal issue. My daughter was getting married on October 22. So I had my swearing in on October 21, and the rehearsal dinner on the 21st and the wedding on the 22nd. What a joyous occasion to celebrate my swearing-in and my daughter's wedding on the same weekend! I arrived in Honduras in early November with my wife joining me in early December. During the confirmation hearing itself, Senators had considerable interest in issues related to HIV Aids. Honduras had the highest rate of HIV aids of any country, on the north coast principally. And many Senators were interested in knowing how the Global Fund was doing and what were my thoughts on that issue. Hurricane Katrina had just hit New Orleans so that was another topic.

Q: This was a Hurricane that knocked out New Orleans.

FORD: Hurricane Katrina. I was fortunate to have discovered in my preparations for my assignment that the largest Honduran community in the U.S was in New Orleans. This is a legacy of the days of the banana trade and it is estimated that there are almost 70,000 Hondurans in New Orleans. The fascinating issue was to discover that Hondurans were offering assistance to help us in the recovery from Katrina, because so many Hondurans resided in New Orleans but also to reciprocate for how we had helped them with Hurricane Mitch which destroyed wide stretches of Honduras in 1998. There also were some questions about remittances and Honduran communities in the U.S. but nothing related to a serious policy concern.

Q: What was the political, economic, social situation in Honduras?

FORD: It was a crucial moment that one could sense before arriving and even more so upon arrival. I arrived during the first week of November and they had their Presidential election the last week of November. Recognizing that there would be a burst of important activity upon arrival, I prepared as much as I could over the summer where I had quite a bit of extra time because of the long debate over the trade agreement. For me personally, I had the benefit of having known Honduras in the 1970's, watched regional developments when in Guatemala in the late 1980's and now able to measure progress in 2005. Not working in the region continually but having these experiences almost every decade I believe allowed me to take a fresh look at what was working or not working in terms of our development programs and support for the Honduran policies of open markets and democratic governance. Generally, I had a sense in my early months as Ambassador that the change process initiated in the early 1980's by Honduras with the support of the United States and the international community was beginning to run out of steam. The economy had grown and poverty had been reduced but was still too high. The democratic process had produced seven elections. Each President served a four year term with no re-election or even discussion of that topic allowed by the 1982 Constitution. We will come back to that topic at the end. So the easy, early gains from democracy and open markets with considerable development assistance had been achieved. The good news, I thought, is that the United States was now working with the government of Honduras to provide a more robust package of policies and programs to deepen the progress both on economic growth and poverty reduction as well as to strengthen the rule of law and the institutional capacity of the state. This included the CAFTA-DR trade agreement and Honduras was the recipient of the second Compact offered by the new Millennium Challenge Corporation (MCC). This was a five year $215 million arrangement to assist in the diversification of agricultural production and the creation of a land-bridge to connect the ports of La Union in El Salvador and Puerto Cortes in Honduras. The European Union was initiating a discussion on a regional economic association agreement with the region and there were significant programs offered by the IDB and the World Bank. Finally, after a multi-year effort, the international donors had agreed to pardon the public debt of Honduras as one of the HIPC countries. Now the challenge for Honduran leaders was how to make their governing system and rule of law meaningful to all Hondurans. Honduras was one of the three or four poorest countries in the Americas. How could the Honduras government with the support of the United States and other international

donors use all of these new tools that I mentioned to create more economic growth, to insure that the benefits of growth were broadly shared, and also deal with issues of economic and social justice and equity? I should also mention that around half of the Honduran population was under 18 years of age. Faced with these enormous challenges, it was actually a tremendously exciting moment as we worked with the Honduras government to expand our tool-kit of programs and assistance that could help them attack these deep-seated problems. With the necessary political will of the Honduran governing class, these new programs would allow them to deepen their democracy and broaden their economic development and continue to sustain the change that had been going on since the early 80's.

So to answer your question, this was an enormous opportunity for Hondurans to build on the foundation of the last 25 years and to achieve new levels of development. The United States and the international donor community stood by with impressive new policy approaches and programs and resource commitments. Unfortunately, there were also other forces at work in Honduras and the region that were threatened by the success of this change process and had another vision. This wasn't in my mind a conflict between the right and left in ideological terms. The Cold War was long over. This was more a question of people who wanted to be in a system of rules and to integrate more into the global system whether that was with a preference for a large public sector or a small public sector versus others who didn't want to do that because they were doing quite nicely in the murky non-transparent world of today. That is how I came to see the situation. But the immediate issue was the November Presidential election. The outgoing president, President Ricardo Maduro, had done an extraordinarily good job in putting down the foundation for this new social and economic experiment and next stage of the change process by eliminating a lot of the debt. The international community pardoned four billion dollars worth of debt. For the Honduran state that meant that they now had $200 million a year that they could invest in education and infrastructure rather than pay to international creditors. As I looked at it, the American taxpayer had made a major investment in the success of this next phase of the change process in Honduras and Central America. President Maduro cleaned up the books, wrote off the debt, and provided a major new opportunity for the incoming government working together with civil society to develop new approaches to development that would produce a further rapid reduction in extreme poverty.

Q: Well did you have sort of it abuts on Nicaragua, and there you had a socialist form of government.

FORD: Not yet. This was a year later.

Q: Socialism in that area was not unknown. There had been wars fought kind of on this in that area and were this…

FORD: Honduras, as you probably know seemed to have escaped the social upheavals and civil wars of Guatemala and Salvador and Nicaragua. It had during the 80's served as a buffer zone, but as a country didn't seem to have the polarization that was found in

other countries like Guatemala, El Salvador, and Nicaragua. My observation is that in this period there were those who sought to continue the change process of the 1980's and integrate more in the global economy and be more inclusive in their governance model and then others who just objected without a very clear alternative. You know as opposed to a center left government like Lula in Brazil, like the Chileans until recently and Uruguay. These governments of the left were all committed to the vision of further integration into a rules based order. Again this vision could include easily left wing visions of large government providing social services and not allowing as much market freedom as well as center right governments that advocated for a smaller public sector with more market freedom. Throughout my time as Ambassador, I used to lament the fact that there were too many friends of Honduras and Hondurans looking in the rearview mirror at the past rather than looking out of the front windshield at the future. Political debate was very hard to establish with so much litigation of the past still occurring.

As a US commentator once expressed about US policymakers, there were two schools of thought: those trapped in the 1960's and others who were trapped by the 1980's! Central America is in desperate need of a new generation of leaders in the region and among the international community that understands history but is firmly gazing ahead into what might be over the next fifty years. Not easy to find but the region definitely needs this generational transition.

Going back to November, 2005, Honduras on the economic and financial side of the ledger had largely cleaned up its books, achieved efficiencies and opened the market to competition both national and international. Now the enormous challenge in a country like Honduras is to find the political will and the capacity to implement agreed policies and projects. There needed to be quality and significant investments in education and health and infrastructure. The rule of law is vital if Honduras was to be successful in attracting investment, developing its workforce and guaranteeing public safety and justice. None of these activities were in place. So during my three years in Ambassador I was able to observe firsthand the enormous opportunities and the frustrating challenges to moving forward and to accelerate the transformation of Honduras both as an economy and as a nation anchored in the global system.

Q: Well you described how it was before, how would you describe sort of society when you got there this time?

FORD: I didn't see as much urban poverty as I recall thirty years before. I didn't see the widespread malnutrition. So there had been change and progress. There remained much to be done but progress was evident. I always found Honduran society to be very conservative, small "c", very traditionalist. The Catholic Church remained dominant but not as strong as before. The Protestant evangelical movement was making a lot of inroads. I found in 2005 a lot of challenges the country faced but no sense of a tumultuous situation. For me, two data points were most jarring in terms of differences I found from my first visit in 1975. First, over half the population was under the age of eighteen. This produced enormous challenges in terms of generating useful and challenging jobs but also created difficult social situations with increased violence and

gang activity that is always problematic with unemployed people, especially boys. Second, was the fact that around 25% of the Honduran gross domestic product was accounted for by remittances from overseas, principally the United States. Evidently since the disaster that was Hurricane Mitch in the late 1990's, many Hondurans had immigrated illegally to the United States in search of jobs. Much of the economic prosperity in Honduras was generated by the spending of the earnings that they would remit back to their home families and villages. Sadly, the most successful export from Honduras was its people.

Since Hurricane Mitch in the late 90's Honduras had seen about a million Hondurans emigrate illegally largely to the U.S. A million out of a seven million population. So the impact of remittances ameliorated of course some of the poverty issues. I would find when I went around and acquainted myself in the early months the common complaint was that they couldn't find anybody to work because someone in the States was sending back money to support the population. So that is not an uncommon phenomenon to Honduras, but until the hurricane Honduras was not a country that participated in that kind of immigration. Until then they had not had the kind of civil conflict or disaster or domestic violence that would push them out of Honduras. The Salvadoran's had their civil war and Guatemalans endured over 40 years of conflict. Some Nicaraguans were impacted by the post-Somoza conflicts. I had not appreciated the huge impact that Hurricane Mitch had on displacing Hondurans and creating an environment that favored their illegal immigration to the U.S. Hurricane Mitch in 1998 rained and wreaked havoc on the country for five days. As long as the United States economy was booming and the global economy was booming, this natural disaster actually had the curious effect of smoothing out what would have been very difficult times if that money wasn't coming in. I have thought since I left in 2008 and with the great Recession of 2009 with the U.S. economy and the global economy in this meltdown whether those jobs in the U.S. exist anymore. Will people have to go back to work when the remittances disappear because the jobs up here aren't what they once were? Many of the jobs were in construction, a sector devastated by the 2008 financial crisis.

Q: Well were the migrants, the immigrants were they mainly of Indian stock or was Honduras pretty much Indian stock?

FORD: Honduras is much more of a Mestizo country. Like anywhere else there were families that maintained more of a European ethnicity. You did not have really significant Indian indigenous cultures except close to the Guatemalan border and the Salvadoran border. There were many Honduras of mixed ethnicity of Indian/European or mestizo. In my briefings, sociologists and academic journals attributed this mestizo presence as one of the reasons Honduras had not been polarized as much as the other countries in this region. Also, there was social mobility to move between the classes. Some people alluded to that again as a reason that there weren't the built up tensions to cause a major ground up revolt against the system.

So in 2005, I felt a tremendous moment of opportunity for Honduras to receive a jolt and move its governance forward, its markets forward and really create significant new

opportunity in Honduras. Of course the promise of a free trade approach is that there will be economic growth in the national marketplace; people don't have to leave illegally to find jobs elsewhere. As I began to learn more about the illegal immigrants, I found that they weren't the poorest unemployed person but they were really the best and brightest who were leaving. It cost on the average $5000 to have someone take them to the States. We started a program called the Honduran Dream. The idea was to show what they could do in Honduras with only $5000. The winner would take the money and start up a small business with assistance from some of the micro-lenders supported by USAID. It was quite an eye opener. But then we found out that it wasn't only the pull of a job that drove them to immigrate illegally. It was also the push out of increasingly violent neighborhoods that made them feel very insecure. No amount of money could overcome that reality. You weren't finding the people who had no income or no job and no food seeking to immigrate. You actually were finding the people that didn't see the future in Honduras at the front of the line. It wasn't because they were seeking the American dream that people alluded to. The insecurity of living in Honduras, the lack of police service, the violence that one could find in this country as you could in this region was pushing them out. They were living with their life at stake every day. This growing and random violence represented a clear challenge to governance especially given the very weak justice system. I wanted to point out why these people were leaving, as this illegal immigration was a hell of an escape valve that allowed the politicians to avoid addressing their core problems. They had the luxury of avoidance or blaming their problems on outsiders and that allowed this pervasive corruption to go on. And the people kept leaving.

Q: Was there pressure on the American side to stop this both in the United States…

FORD: Well our entire approach to economic and development assistance was to assist them in creating jobs in Honduras so that there was no need to leave and look elsewhere for future employment. Over the three years I was in Honduras I developed some very strong views on how donor assistance, no matter how well intentioned, could actually make matters worse if there wasn't the political will in the country to build the institutional capacity to take charge of their own future. Without that, the United States and other donor countries effectively enabled the corrupt behavior of the elites by providing outside sources of funding to cover basic human needs, thus relieving the host country of their responsibility. I believe around 2003 or 2004 the Bush Administration implemented a more aggressive policy of immediate deportation from the U.S. Catch and deport. So that when you would catch the illegal immigrant at the border they would not be put into some kind of longer term holding pattern for trial but be put on a plane and shipped back as soon as possible. At the embassy we had to work out arrangements with Honduras to receive daily flights with anywhere from 200-300 deportees. This became very controversial, as you can imagine the images in the papers and on the nightly news that showed all of the deportees getting off of the plane. Invariably the problem would be blamed on the United States, so we had to develop and execute a comprehensive public diplomacy campaign to address the issue. I actually thought that the catch and deport policy was a much more humane way to treat a person who was picked up with no money and no family and no connections rather than to hold him or her in isolation awaiting a

trial. I thought it made more sense to immediately reunite them with their family at home. The dominant unifying theme to me of our overall policy to Honduras was to use the CAFTA-DR Free Trade Agreement and the $215 million five year compact with the MCC, and the USAID programs and international funding from the Inter American Bank and the World Bank to create a new dynamic economic environment so that these people would not only stay in Honduras but come back, and that all of us would be benefiting from this marketplace and new governance arrangements. Unfortunately, there wasn't the political will or the capacity in Honduras to make these outcomes possible.

Q: What sort of economy had developed since when you were there before and when you came back?

FORD: That is a great point as the economy today is much more diversified. I think in '75 still you could say Honduras was a classic economy exporting bananas and coffee.

Q: A real banana republic.

FORD: Coffee and bananas still account for quite a lot of their exports. The vision that came in the 80's which was a precursor to the full trade agreement was the Caribbean Basin Initiative (CBI). During this time the United States faced political instability in the area with the Sandinistas and the civil war in El Salvador so we on opened our market unilaterally. It wasn't a trade agreement. We didn't demand any market access for our products. The textile sector in Honduras and elsewhere in the region was a great beneficiary. There was a special program of exporting American fabric and have it cut and sewed in Honduras and then shipped back to the U.S. So up on the north coast San Pedro Sula is where you found a significant sewing industry developing, what they call maquila. It was a brilliant mechanism because it carved out those special zones for Honduras, and this allowed investors to come in because they knew they could always resolve their issues, if necessary they could use the US court system. It was not necessary to depend on Honduran justice that was largely non- existent. So they created maquila zones and most of the products that were coming in and out were textiles and apparel. So both with American fabric and without it Honduran and foreign investors developed a very vibrant apparel industry with American, Chinese and Korean investors putting their factories there. Now those factories open and closed pretty fast. They are always looking for low cost skilled labor as the margins in this business are razor thin. As Mexico was growing and integrating more with the U.S. and Canadian economies, I found more and more of the old Mexican industries becoming uncompetitive in Mexico as Mexican costs went up. So products like automotive wire harnessing moved south to Honduras. Early in the Bush administration, they pioneered a very creative new way to think about how to deliver development assistance, the Millennium Challenge Account (MCC). In essence, we worked with countries that presented projects to MCC for consideration. If together we judged that the policy climate was good and the political will and capacity existed to execute the project, we would provide the funding. We were going to work particularly in this lower range of countries that have corruption problems and governance problems because if governance improved, the U.S. taxpayer had a much better chance of getting a proper financial and economic development return on their investment. The project in

Honduras that was approved in 2005 was to connect the Pacific port of La Union in El Salvador to Puerto Cortes on the north in the Caribbean part of Honduras. So Honduras with bipartisan national support and support from civil society presented this project to us to create a logistics bridge between the Caribbean and the Atlantic. It is very clear that as you look at what is happening in the world in Asia and China that even with this magnificent expansion of the Panama Canal, there will be more than enough need for two or three additional crossings. Now the slowdown in the world economy has probably taken some of that pressure off. But that was the theory for Honduras to create this long term economic development of a logistics bridge and thus have a stable future when the textiles industry would disappear due to competitive pressures from Asia. With the world multi fiber agreement expiring, everyone in the industry knew that all of the textiles were probably going to go into China and Asia. Again with minimum levels of security, Honduras could also become an amazing world class tourist destination. But the lack of rule of law and even fears of violence really do a lot to inhibit that tourism.

Q: How was the violence during…

FORD: The violence was increasing at the end of my tour in late 2007 and 2008. I forget the numbers now but orders of magnitude, I think Honduras had a murder rate of 50 per 100,000. El Salvador was a little higher. To give you an idea, New York was 5 per 100,000. Europe is 1 or 2 per 100,000.

Q: Well did a Honduran carry a pistol or…

FORD: Gun ownership was widespread. They weren't carried around necessarily in public view. The troubling issue for me that I felt as I left in 2008 was with the battles that the governments of Mexico and Colombia were necessarily waging against the drug cartels in their territories, the cartels were increasingly turning to Honduras and other countries of the Northern Triangle to carry out their business and not only use that area as a transit zone as in the past. I had arrived in Honduras in 2005 focused on trade and economic development yet left three years later with my work dominated by working with Honduran law enforcement and prosecutors to combat the illicit traffic in drugs and also, regrettably, the sex trade of young women Honduras had been for the cartels a big transit zone. Without even beginning to take into account the enormous market for their product that existed in the U.S. and Europe, Mexico and Colombia engaged in major campaigns against the drug cartels only to succeed in pushing them into Venezuela and Central America. So while the cartels had been active in the past in Honduras and already had a very negative impact on democratic institutions and law enforcement, this new wave produced even more violence. Also, the cartels started to make their payments in product and not only in money and so you had drug use starting to grow in Honduras. Before Honduran gangs had not been involved in the drug trade but that began to change. The broader point would be that between 2005 and 2008 the drug trafficking organizations exerted a very negative impact on the Honduran social fabric and I would argue the very democratic governance of Honduras. I am sure you can say the same thing about Guatemala. The baseline of violence in Honduras was very personal and used to settle all sorts of disputes especially when drinking was involved as there was no

confidence that justice could be found in a court of law. This new violence, with the beheadings and the mob-like execution style killings, was much more organized and institutional.

Q: And it penetrated the justice system?

FORD: Well yes. The surge in illicit activity that I witnessed during my tenure, either by the drug cartels or the affiliated groups that smuggled people, guns or young women in the sex trade, had a huge impact on the institutions of the state, particularly the justice system. First though let me say how much I admired the justices and the staff working in this system. They took daily risks with their lives. It is totally unfair I believe to focus only on the judges that are corrupt. I can't tell you how many heart-breaking stories my team and I heard about the intimidation and threats to their life that they were subject to as they tried to carry out their duties. All institutions of the Honduran state were subject to this corrosive corruption and intimidation by the illicit traffickers. It was truly stunning. While these institutions had been weak before, they were hit hard by this new more powerful wave of corruption related to the drug cartels that found their traditional home territory in Colombia and Mexico under attack and sought refuge in Venezuela and the northern triangle of Central America. As I indicated at the beginning of our session today, the struggle in Honduras from my perspective was no longer the ideological struggle between the left and the right of the 1960's and 1980's but rather was a struggle between those that were committed to open markets and representative democracy and those licit and illicit groups who could only profit by staying in the darkness, making their money while saddling the weak governments of the area with debt. This was the struggle I watched play out in Honduras, particularly in 2007 and 2008, my last two years. I can still remember the pleas from one of the rural judges as to how to get her child back from the drug cartels that had kidnapped him and would kill him if she didn't acquit one of their members who was on trial. Very tough! Honduras was a country of 7 million people. Take that together with the fact the country had a police force of 6,000 and over 70,000 private security guards. So you observe a society where there are private armies to protect property and a tiny minority of the population with most of the country left to fend for themselves. These indicators were very revealing for me as to a society's priorities, where it allocates its resources. That is how I began to understand the current state of violence in Honduras. It is not a conflict generated by a different vision over the role of government. It was really more Darwinian than that, in that the struggle was over did we want a government at all? Fascinating to ponder especially if you add in the fact that the American taxpayer was directly or indirectly pouring in around $500 million annually to help Hondurans build the conditions for and institutions necessary to sustain a modern state that was a respected member of the international community.

Q: OK, you are put into this country as the American Ambassador. You are no longer the trade representative. How did you find the adjustment and sort of what were your priorities?

FORD: Well for me that was one of the most wonderful aspects of the new position, to step into something familiar but new. Now I would serve not just as a promoter of trade

but as our President's representative and also the representative of the American people to a neighboring country. I was responsible for leading and overseeing at least 14 independent agencies and over 400 people including contractors. We had a USAID program with a budget of $40 million a year. I saw my role as the leader of that team of 14 agencies where I could help each one attain its mission goals but also could be able to take advantage of opportunities that might not automatically happen, where we would get out of the stovepipes and create a more dynamic, innovative environment. If we have a law enforcement challenge, I was able to get our Drug Enforcement Administration (DEA) team together with other agencies around our country team table and talk about the drug issue, and I would work to provoke a thought process that was greater than the sum of its parts. Also, over my career I worked for many Ambassadors, and one or two came to mind as models of how I would like to run my mission. I don't think I consciously reflected on it that much until I attended the two weeks of the Ambassadorial Seminar, or charm school as some call it. This was an opportunity to get away and think about leadership and Ambassadorial responsibilities. You are not making policy in Honduras but how can you most effectively implement policy on behalf of the President and on behalf of the American people. It was invaluable to have had this time to reflect on leadership and risk management and how best to take advantage of the enormous potential to have an impact as leader of an Embassy in a country like Honduras. From my own personal experience over 30 years to my preparatory briefings where I learned more about the need for further change in Honduras, I thought a great deal about the wonderful opportunity of working with an incoming government and try to understand their priorities, adapting our assistance programs to support this new direction. So shortly after arrival, I organized an off-site at the Ambassador's Residence for the country team. There would be three sessions over a month. We didn't go outside for facilitators. There was an excellent facilitator on staff at USAID. This hadn't been done at post before and I am sure many of the team rolled their eyes when presented with the concept, but I found this approach was very helpful to allow each of us to understand the mission of the other and then together decide how we all could achieve more if we worked together operationally in a certain manner. We had five basic goals. So when we understood that we were working to achieve five broader goals then we looked at how we could integrate people to achieve those and create teams of people so that we weren't working separately. We worked on these goals individually then together as a team over several independent sessions. There were homework assignments. What I believe surprised my team was that this discussion and agreement on the five goals translated into a reform and reorganization of our five weekly meetings at the Embassy. We were able then to assemble the right people for the right meetings to guide our work throughout the year. I invented this approach out of my business experience but also out of my experience at many Embassies where I felt I was always contributing to what the Ambassador wanted but he or she never understood what my mission was or how they could help me. Building trust and confidence from the ground up gave us a great sense of team and commitment to the goals of national interests and also to achieve the individual goals of each agency. I was very happy with how this team-building process turned out and how we were able to create flexible plans that could adapt to changing circumstances. And boy did we experience change, much of it not very satisfying.

Q: How did you find the various elements of the embassy representing different agencies and different outlooks responded? Some more than others?

FORD: It was interesting. You could notice in terms of the State Department, which was not my home agency, a generation gap that came out of the hiring freeze the 90's. I think we had 22 first and second tour officers in the State led sections of the Embassy. That was good in terms of acceptance of my approach to team because they didn't know anything different. Then you have a few of the old timers, like my DCM, who rolled his eyes when I was talking about the offsite and strategic planning and the idea of one team. So those that were older and more experienced probably said something like "Ok, I am going to have to go through this for this guy and just do it." I think that changed when they realized that I wasn't interested in a paper exercise but in developing a game plan like a football coach to guide our daily work and keep us flexible but on track.

My law enforcement team was perhaps the toughest group to corral. Here I had some really incredibly brilliant brave courageous people that were raring to go after the bad guys. And that is what they need to do, but my DCM and I worked hard to show them that if we also worked as a team, we would be able to tackle some of the more systemic challenges as well. I also tried to blur the distinctions between an officer and a local employee. Clearly I didn't cross any lines in terms of access to classified information. Because I came out of the FCS, most of our employees were local employees or Foreign Service Nationals. They really knew a lot about what was going on. I fondly and wistfully remember arriving at my first Embassy in Buenos Aires late in 1982. It did not have any security barriers outside or inside the Embassy. One just came in the front door and signed in with the Marines and went up to your office, and that included local employees and visitors. After the Iran hostage crisis and the bombings of the Marine barracks in Lebanon, all that had changed by the end of my first tour although I still found that openness in Barcelona until our office there was also bombed. So I do remember how our relationship with our FCS family overseas changed when we were separated, cut-off from our team of gifted local employees. So despite the physical barriers I worked doubly hard to create a one team feel because I believe passionately that you achieve so much more that way. Usually every place I have been the local employees have been first rate, some of the best professionals in the country, and you can learn a lot from them if you figure out a way to respect them and to treat them justly. They learn where there is that line where you have to have that separation.

Q: Well in Europe for about 30 years after WWII, foreign service nationals were absolutely first rate because it was the best job in the country working for the Americans. That generation left and it became just a job for the next generation coming up. So we were getting good ones but we don't have sort of the cousins of the Prime Minister working for us as we used to. How was it when you were there as far as into political social society.

FORD: In terms of Honduras?

Q: Yeah.

FORD: I share your perspective on the next generation of local employees in Europe. We had outstanding local employees in Honduras. The people doing the gardening and the people doing administration, I don't want to forget them either in terms of the caliber of their skills to organize and attend to visiting delegations and VIP's. The cultural section was outstanding, the press attaché knew the owners of the media, knew the journalists in a way that was invaluable for me to understand who I was talking to and how I could best deliver my message. It was the same thing in the cultural section where there were people really from the top tier of their country. I think at some of these more unstable or impoverished countries like Honduras, where job security is important, we continue to attract that kind of talent. So I didn't find it hard at all to recruit people to work in the Embassy because of the benefits and the security. It was also quite prestigious to be an Embassy employee.

Q: Well what about how did you work with your DCM?

FORD: Well I believe we worked exceptionally well together. It was one of the interesting challenges for me as a non-State person, and having served the last 15 years in Europe, to select a DCM. I didn't have circle of contacts, because, as you know, the Chief of Mission picks his own OMS, office management secretary, and then the DCM. So I went about it the way I would hire somebody fresh rather than having somebody on my contact list. The Principal Deputy in the Western Hemisphere bureau (WHA) would send me names of candidates, and I would do my due diligence. I developed a profile of the person I would want as DCM, and then I went out and tried to find him or her. I believed that my own strength was in leadership, public diplomacy, Spanish, and economics. Where I didn't have that much experience frankly was in law enforcement, intelligence, and defense. So I wanted someone who had that experience, particularly appreciating the importance of the DEA work and the other law enforcement and military work that we had on our agenda with Honduras. Then I wanted someone who I could delegate to and not have to micro-manage or worry about how the task was being executed. I wanted someone who managed and knew how to manage within the State Department system and culture. So I didn't want to worry about whether the reports were done. I found that person. I also wanted someone who had been a previous DCM. So those were my criteria as someone coming from a non-State agency and very confident in my own management and leadership abilities. And actually, personality wise, and this is the other thing I should mention, very opposite from me. Kind of dour and stern, a person of few words but impactful. Importantly, he and I met every day for half an hour. I wanted a relationship with my DCM built on loyalty and trust and discretion. He also knew that I wanted someone who could tell me directly when I was off base; when I was wrong and why. I tend to be talkative as I am sure you have observed, so I wanted someone who could be more restrained and handle some of the discipline problems in the Embassy.

Q: A good Ambassador wants to be somewhat jovial and use the DCM to be the son-of-a-bitch.

FORD: I wasn't that extreme but there is some merit to the fact that you don't want to be the one to be the son-of-a-bitch and the DCM is the happy one, at least I didn't! Without going into the details, the one feature of the job I had not fully absorbed beforehand were the volume of problems, the human problems that were brought to us relating to schools, family issues, and other things that had nothing to do with job performance but came to us as leaders of the Embassy family.

Q: Did you find because of the law enforcement problem, well the criminality but also because of the drugs and all, did this impact much on your family. I mean your family I am referring to official family.

FORD: Well yes. We were a 15% differential post and during my tour this was increased to 20%. A lot of that related to ever increasing security issues plus environmental issues of air pollution. The RSO….

Q: Regional Security Officer.

FORD: and sitting in on the RSO's briefing. They would scare the hell out of employees. And then there were others who had wonderful Spanish language capability and integrated well into the local community. They would do the opposite of what the RSO recommended. Other people would get a briefing about crime and it would freeze them and they would never leave the house. So I am not saying you don't want to listen to the RSO but you do have those different reactions. Some people didn't have the language. I thought it was so unfortunate to send someone to Honduras without the language capability. That can be very lonely and stressful. Also, I was incredulous that my Press Attaché didn't speak very good Spanish. You have got the single officer issues versus the family issues, schools. So my wife and DCM and I would work closely with the Community Liaison Officer on these issues and developed programs to help. We also opened the Residence with its swimming pool, tennis and basketball courts to American Embassy staff and their families. We even held several events over a period of time to invite all employees and their families to the Residence. That was always an important part for me to make sure that people knew that I was serious in my concern about these issues and that my door was always open. So I tried to stay engaged on that so that morale could be as good as possible in what was a tough post because of the nature of the city and the crime and everything.

Q: Let's talk a bit in the first place how about the media? How did you find the media there?

FORD: The media were very impactful. There were three main papers. Radio and TV were important and I realized early on that radio was probably the most impactful media to develop a relationship with Honduran thought leaders. During this time, and given the global revolution that was taking place in media, the concentrated ownership of media in Honduras was impacted by the entry of new players and many new groups that reached into rural areas and one began to observe a marketplace of new ideas reaching the public. For the Embassy, public diplomacy was a vital necessity as the Embassy and the

Ambassador were often the first sources consulted for an opinion about a recent story, or new government policy or a breaking news event. It was clear to me after a few short months in Tegucigalpa that we made an impact by what we said and sometimes we made an even greater impact by not saying anything thus appearing to endorse or be indifferent to government pronouncements or statements. Given the outsized role of the Ambassador, I worked closely with our Embassy team to develop a comprehensive public diplomacy strategy to allow us to constructively participate in the discussion of the issues of the day. Given the incredible amount of money that the American taxpayer was putting into investments in Honduras at this time, we had to make our views known but in proper and constructive manner.

Q: OK, what about some of the other things. What about religion? You mentioned both the evangelicals were working in there and the Catholic Church was there. What was going on? What was the sort of the religious influence?

FORD: I was very pleased to see the depth of religious tolerance across Honduran society. In addition to the majority role played out within the Christian community, there was a small Jewish community in Tegucigalpa and San Pedro Sula and an equally small community of Muslims in San Pedro Sula. I was so pleased to find the depth of tolerance that I did between the dominant Roman Catholic Church and the Protestant Evangelicals. But religion was very important. The Roman Catholic Church was still dominant but less so than before. Cardinal Oscar Andres Rodriguez, the Archbishop of Tegucigalpa, was also head of Catholic charities worldwide. My wife and I also are Roman Catholics. I always found the Cardinal to be an excellent spiritual advisor and also someone that could help me understand the culture and history of Honduras.

Q: How about the military?

FORD: Candidly, they were the most respected and most professional institution in Honduras. When one thinks of the transition away from military rule and to democracy in the 1980's this is a rather remarkable achievement and one that the Honduran military is most proud of. Our military works very closely with our Honduran military partners and we have one of our only bases in the Americas located at Joint Task Force Bravo in Palmerola. The temporary facility focuses on partner programs to fight drugs and to provide humanitarian assistance during natural disasters. It had about 500 U.S. service men and women based about an hour and a half from Tegucigalpa. The joint task force is a regional support program that worked with the militaries throughout Central America. The Honduran military were working with us to become qualified international UN peace keepers. They participated for a brief time in Iraq. Very much looking at what we call transformation of not needing a military for internal security, but how they could work with us to deal with the regional security threats of illicit trafficking, not only in drugs but in people, documents, and the like. So they were quite professional and forward leaning. The Honduran political apparatus was stuck in the past and the glory days of the 1969 Soccer War with El Salvador. They had these old F-5s from that era that frankly were quite dangerous as they had not been maintained and we had not provided any spare parts.

Q: Called Freedom fighters. It is a scaled down jet fighter, first generation almost.

FORD: We kept telling them that the F-5's were not safe. Plus they were no longer needed because the world had moved on from the 1970's. The career military had really moved forward in an ambitious modernization project but political leaders often preferred to keep staring into that rear view mirror.

Q: did we have any bad history? I am thinking of Nicaragua going back to the 1870's or something, William Walker and all. But was Árbenz, was he running around?

FORD: Árbenz was Guatemala.

Q: Guatemala. Did we have the equivalent of that who was throwing anything like that in your face and that?

FORD: It is interesting you mention William Walker. President Zelaya would mention him to me on occasion. I remember when we had our first ship visit to the port of Trujillo in 2007. I called the President to inquire if he would be interested in visiting this ship with me. I thought this would be interesting given what I knew of his attitudes towards the historical presence of the US military in this region. He accepted and took his entire cabinet with him. So flew everybody down to the ship and had lunch there and toured the ship. It was not that big of a ship but we were able to accommodate everyone. Finally, when he was addressing all of our sailors on board the ship, he ended a very nice message of friendship and support with a reference to the fate of another American adventurer who traveled these territories in the late 1800's, William Walker. I was stunned although I shouldn't have been by this point in our time together. He closed by saying: "I want to point out to you when you have shore leave, right over there is Trujillo. In Trujillo is buried William Walker who we killed when he tried to take over Central America. So as we were walking away I said, "Mr. President, that wasn't very nice putting in that reference to Walker." Zelaya says, "Well George Bush and William Walker…" I said, "Let's not go there Mr. President, OK?"

Q: We might explain. William Walker was back in was it the 1870's?

FORD: 1867. After the Civil War, he was a Southerner, ____

Q: He was a filibuster called the grey eyed man of destiny. And he came in and he took over Nicaragua at one point. Later tried to make a come back. That was when he was caught.

FORD: They chased him into Honduras. He is buried there actually in Trujillo.

Q: but I mean..

FORD: Not your best reference if you are talking about bilateral relations.

Q: I mean this came up one of the Central American hands I have interviewed. I think he was Ambassador to Guatemala was offered the job of ambassador to Nicaragua. His name was William Walker.

FORD: Ha, Ha, Ha.

Q: Yes. And Bill Walker said, "Look I don't think so. You may not know the history of this, but I do. I don't think William Walker can be down there." He is still, I talked to him the other day, and he was in a café on a cell phone in one of the Central American places doing something down there, but not taking over a state.

Q: But what I think this points out that memories are long. I served in the Balkans where in 1389 the battle of Kosovo still rings very soundly in Serbian politics. I mean things don't' go away.

FORD: Exactly, But that was very interesting that you mentioned William Walker because it was an aspect of past history in the region that helped me understand better President Zelaya of Honduras. It was very helpful at least when he mentioned Walker that I knew who he was! President Zelaya and I met in our first year together at least once a week, often in my library at the Residence. He was very personable and open, casual which allowed us to have an open dialogue about whatever was on our minds. That said, I realized early on that working relationships might become complicated. After he was declared the victor in the 2005 elections and began to name his cabinet, the Embassy country team under my direction began to organize a series of briefings and luncheons for the incoming Ministers. Suddenly I received a visit from the President-elect inquiring as to what we were doing and why, even though I had briefed him first on what we proposed and there didn't seem to be a problem. Detail aside, it became clear to me that there was a lack of trust between the President and his Cabinet, which was worrying because the Honduran institutions had so little capacity to execute that if we had to do everything through the President, nothing would get done. But from the very beginning, the President worked most closely with a small group of long-time advisors much more than with his Cabinet. At least that is what I observed. There was much about his behavior that reminded me of an old-style Latin caudillo more than a modern executive politician. Early on I identified my main challenge as reconciling a very personal governing style with our own very technocratic and complex military and economic assistance program.

Q: You might explain what you mean by caudillo.

FORD: Caudillo today is a largely historic figure in Latin America, one that rises out of the Spanish culture and history. President Zelaya's family had been in Honduras since the 1500's. He was very comfortable working with traditional institutions like the church and the military. This idea of an Anglo-Saxon model of a political system with checks and balances and an independent judiciary seemed rather alien to him. That is my personal observation. Fair point in my view as the constitutional structure created in Honduras and

elsewhere in Latin America copied from the institutions created in the United States after our revolution, but they don't really respond to the Spanish colonial traditions that went before. Personally I thought it might make more sense to change to a European parliamentary system with proportional representation, thus allowing for the Prime Minister to govern with far less concern about other institutions checking power. Literally I guess you would translate caudillo as strong man.

Q: Well let's talk about when you arrived you had a new President whose name was…

FORD: Jose Manuel Zelaya Rosales. I arrived in November and he was elected President in late November and took office in January. The current President was Ricardo Maduro.

Q: Had a new president come in?

FORD: The election was less than a month after I arrived.

Q: So he was president the whole time you were there.

FORD: Yes, except for those first three months.

Q: How did we, I guess he became a person of great controversy but how did we view him and how did you deal with him at the beginning?

FORD: So I think it was a very good start, especially as we reflected back on the rather difficult election that had taken place to put him in power. The election took place in late November 2005 and was observed by a delegation from the Organization of American States (OAS) among other groups. For me it was an eye-opener. I was surprised to see that the electoral tables were manned by party representatives and not by neutral election staff. At the end of the voting, I also was surprised that they did not have a type of exit poll that would forecast the winner but rather a private polling organization went on television and announced the early result – that President Zelaya had won the election. This before the actual votes had been counted. At the end of the day, all observers agreed with that result and despite protests, around 10 days later the opposition candidate Pepe Lobo, who had been the President of the Congress, conceded the election. During this process, the Embassy team did our best to urge calm and respect for the final ballot count and actually pressed to have all of the ballots counted. We were helpful I believe in bringing a peaceful end to the process and an acceptance of the result. So the manner in which the electoral process unfolded in my view helped set the stage for a productive beginning of a relationship with the new government.

Unfortunately from my perspective by the summer of 2006, the policy environment really started to deteriorate. The government broke public spending caps that had been agreed to with the IMF. Salaries for teachers and other public servants including the military increased significantly. So rather than use the new $200 million gained by the pardoned HIPC debt for investment in education and health and infrastructure, the money started to go to salaries and higher spending. Debt levels started to increase. This was the beginning

of what became a rapid decline in the policy environment. The oil price was really beginning to skyrocket. This was huge for a country like Honduras that was so dependent on imported oil. So the fresh money rather than being spent on strong investments for the future went to rack up new debt and to pay for oil. Faced with these challenges, I hoped that we could have worked better together to develop bridge programs to help cover these emergencies until more long-term solutions could be implemented in the energy sector to reduce the dependence on oil. Unfortunately the President chose to begin to demonize the wealthy and the international private sector and play off the idea that Hondurans were victims. This is a country where 50% of the people walk or ride bicycles. Rather than develop a solid plan to confront this issue, there was a desperate search to look for cheaper sources of oil, from the Venezuelan Petrocaribe program to a state bid to buy oil from the open market. As a FCS career officer it was personally embarrassing to try to explain these moves to Washington as they had nothing to do with oil or the oil price; in fact they weren't even technically feasible to do, but they had everything to do with access to new sources of low interest and deferred interest public money. Petrocaribe for example offered extremely low financing over 20 years or more with only 40% down and the rest paid off later by another government who took power much later. But, if a deal could be done, annually there would be a couple hundred million dollars with no rules to guide how you could spend it. Unlike the grants received from USAID and MCC and the international development banks. Think of it: the state of Honduras was investing considerable resources in contracting for oil yet it didn't have storage facilities! With so much poverty and so many pressing public needs it was distressing to see the focus on demonizing groups and inventing schemes that would allow the government to have access to significant new money that would not require any accountability. Finally, given this divergent policy track from the one that had been expected, I needed to make sure that our Embassy and myself were not in some way embroiled in the ever increasing political struggle between the President and the other institutions of government, the Congress and the Supreme Court. So my struggle was always to say to all parties, "If you want to take that policy direction than you have to win that political battle yourself. You are not going to involve the Embassy in these matters of domestic politics." So in the later year or year and a half of my time as Ambassador, I developed a very strong, independent profile with the intent of making clear that we were not involved in these internal debates. It would be up to the President and the Congress, headed by his own Liberal Party to agree politically to a path forward.

Q: Well did you, in the first place were there any indications you were going to give in to this demonizing mode or your political officers, were you seeing this guy means struggle or…

FORD: That is an interesting because when I was preparing to go to Honduras and received a wide range of briefings, I never had a clue that this would be the direction that a President Zelaya might take. When I got to Honduras no one seemed to think he would break with consensus view on macro-economic policy and development. No one had suggested to me there was any profound difference between Pepe Lobo who lost the election in 2005 and won the 2009 election and Zelaya.

Q: How were your relations? As the American Ambassador were you sort of more equal than other ambassadors?

FORD: There was this joke, uncomfortably told sometimes when I was with colleagues, my fellow ambassadors. They mentioned that they had been told by one of ex-presidents of Honduras that in order not to be confused, if a Honduran mentioned the word Ambassador, he/she was talking about the American Ambassador. If they referred to the Embassy, it meant the United States embassy. I know I was extremely sensitive about that and talked candidly with my closest colleagues, particularly from Germany and Spain as to how I could be most helpful to our overall efforts to coordinate our donor assistance programs. So I early on realized that if I said something it would be listened to. So I had to be careful in my public comments and frankly in my private behavior. As I have mentioned, I also was saying something if I remained silent. The very confrontational approach taken by President Zelaya, especially in 2007 and 2008, made keeping silent dangerous, as silence could be interpreted as acquiescence to the policy position being advocated. This reality had a lot to do with shaping my approach to our public posture. My intent except for the one or two times we engaged in a public spat was to remain neutral and stay out of the domestic political discussion. I used to joke with the President and his team that he was adamantly opposed to U.S. intervention in Honduran matters unless our intervention was necessary for him to advance his own positions. That comment usually generated some smiles. I can't tell you had many times I met with him and my senior team met with his to try to understand what was the alternative? If the reforms presently funded by the U.S. and the international community were not the ones he liked then what should we be doing? As I mentioned earlier all of us together were putting in around $500 million to build the institutions of the Honduran state, particularly the Judiciary and these were the very institutions he was in conflict with, and a conflict that grew even greater year to year. It seemed to me that his one goal was to re-make and takeover the Liberal Party, one of the two traditional parties in Honduras. The National Party being the other. I told him once, "You know it is interesting to watch a relatively unpopular President be a populist." He was unable to mobilize many people to take to the street. Yet he would be creating this conflict and had little strength within his own Liberal party.

Q: Well you mentioned the Supreme Court, but what was the national assembly, the parliament?

FORD: The Congress. A unicameral Congress.

Q: Was that an important body?

FORD: Sure. It is probably the most important body in the institutional life of the country. They don't have a system where the President nominates and the Congress confirms as we do. But the Congress names the Attorney General which is the chief prosecutor and is an independent constitutional power. The Congress names the Supreme Court. They don't receive nominations from the President. The independent investigative bodies are all named by the Congress. So the President of Congress has often become the

next president of the country, because of the strength of that position. That is a very important body. President Zelaya's own party controlled the Congress.

The top priority that I worried about was the effective execution of our development assistance program and positive outcomes on the issues of rule of law and public corruption. Not only because of our national interest commitments but because I believed I owed it to the American taxpayer to insure that the money was well spent and that they would be proud of their contribution. What was stunning to me was that 90% of the Honduran budget covered the salaries of public sector employees. It reminded me so much of my experience in Puerto Rico where the two strong parties would gain office and then fire all of the employees and hire those from their own party to replace them. Like Tammany Hall in the U.S. So the American taxpayer and the taxpayer of other countries pay for the programs and the investments in education, health, and infrastructure. What a hell of an unhealthy dependency! All of the millions of dollars we would spend on training would go out the window when another party took office because they would all get fired. From the janitor to the top person would be fired, and they would start over again. And the parties usually rotated in power every 8 years. Of course you would see these abandoned hulks of projects around the country. When we didn't fund the project or the Swedes decided to withdraw due to global budget priorities, the program stopped. School stopped. The health clinic no longer worked. One of the priorities the U.S. government had with Honduras was to promote the rule of law. So it was very hard to be working with the President who had some many issues with law enforcement and judicial institutions. It became very uncomfortable to have a person who would ignore Supreme Court rulings for example. As our law enforcement agencies engaged with their Honduran counterparts to fight impunity and corruption and assist prosecutors and judges, it often brought them into conflict with the Executive branch and made for some uncomfortable exchanges between myself and the President.

Q: Well what, let's start somewhere at the beginning. What was your relationship with the President?

FORD: Well we had an excellent relationship but it deteriorated over time. It was quite tense the last year, although we still visited regularly. I was pleased professionally to attend a farewell reception that he hosted in my honor a few weeks before departure to award me the Great Cross medal, a high recognition. I very much appreciated that gesture given some of the difficult issues we had to work on. One of my greatest challenges was to take a public stance on corruption. It was a top priority of the Administration when I arrived in 2005. So about a year into my tenure the State Department decided to revoke the visa of an ex-Honduran President for reasons related to corruption. That decision was executed clumsily in Washington and became public and had huge reverberations in Honduras because of the visibility of the man and the fact that most people in the country believed he was very corrupt but immune from prosecution. But that decision caused President Zelaya to be concerned as to whether something similar would happen to him. I joked with him that he should not worry unless he had a guilty conscious but somehow he never laughed. I frankly think that visa revocation for reasons of official corruption is a diplomatic tool that needs to be thought about very carefully before it is employed.

Removing a visa in such a public way can have unintended consequences and creates an enemy for life which can haunt the United States years later.

The issue that I came away from Honduras in 2008 pondering was what can we do to stop a state from failing? More importantly, it was clear to me that we could do nothing without the political will of the governing class to direct the effort. I realized that the core strategic issue is political related to governance and institutional capacity. This was not a technical assistance problem. Without these elements none of the other assistance programs would work. And not from outside, not from the international community, but from the groups in the country that want to have a rules - based system with an effective state. That is why I actually accepted an assignment at U.S. Southern Command to work not on military political issues, but how a military command could work with the private sector and the public sector to address these problems in a more holistic way. Ideally the private sector must be reached out to, not just Aid agencies but NGOs and the range of corporate social responsibility programs. But if you don't get the governance issue right all of the rest is doomed to failure. That was my lesson from these three years in Honduras. It is very hard for me to see the generosity of the American people fail. I also painfully learned that I couldn't want success more than the Hondurans. I can't tell you how frustrated that made me.

Q: Well if he is running the state more and more as a caudillo, did you find I mean things are corrupt, who is being corrupted? I mean you would think this would build up a powerful corrupted class or something.

FORD: You are very right. I mean that is why I used the phrase about rules versus the forces of darkness and the illicit marketplace. There is a group of people in Honduras that do quite well in this corrupt state with weak institutions. They do their deals with the state so that they make the money and the state assumes the debt and the risks of the venture. There are some wealthy people I won't name that I know in Honduras that became wealthy because they bought the assets of bankrupt state enterprises for practically nothing and the state remained with the debt. They took the enterprise and made money on it. Basic public services in many states like Honduras generate enormous monopoly profits for some powerful interests that would not have those profits if they had to compete in the competitive market place to deliver those services. There is a group of people in countries like this that live off of the weak state. They own it. They do the sweetheart deals and they leave the people and the state with the debt as they keep the profits. Then there is the whole illicit business that thrives and depends on a weak state to operate and thrive. I mean the drug cartels and other transnational organized criminal activity that can only thrive if there is a weak state and vast amounts of ungoverned territory.

Q: OK, I want to make sure we are back in business here. What about was the corruption, the powers of darkness that were gathering around the president a real concern of ours?

FORD: It was clearly, yes. Clearly it was a sensitive area. I won't want to get into a lot here on this but I clearly think you could begin to see where our law enforcement community was feeling constrained working with some of their Honduran counterparts because of the potential for jeopardizing our joint operations. I mean these were clearly joint efforts. I am talking here more about illicit things like drugs than just raw corruption. Money laundering investigations really started to increase dramatically which was a sign to me of the increase in illicit activity that started to take place in Honduras in 2006-2008. But our law enforcement team was struck by the increases in illicit activity that started to take place with great intensity and then also worried as they saw signs of weakness starting to grow in the ranks of their Honduran counter-parts. Clearly this was troubling as it would be the Hondurans who would take the lead on any investigation with our technical support and cooperation. We all witnessed the increase in the flow of drug planes landing from Venezuela.

Q: What about the Chavez relationship. When you arrived there, had Chavez turned into you might say the hemispheric gadfly or pain in the ass or whatever you want to call him?

FORD: In this period from 2005-2008, with the international price of oil beginning to skyrocket, President Chavez exerted quite a bit of influence, especially in Central America and the Caribbean. There was the Peruvian election, the Nicaraguan election, and other electoral victories going on in Latin America in 2005 and 2006 that seemed to confirm this was a very influential man. Not only did the rapid increase in the international price of oil help expand his influence but also at this time the region was re-thinking its commitments to the Washington consensus arrangements agreed to in the early 90's of pursuing open markets and representative democratic government as the way forward to create a prosperous and peaceful global order. There was much talk in my time in Central America about an emerging Beijing consensus that spoke to the ability to have economic growth and social justice without representative democratic governance. I must say it was hard for me not to smile ironically in Honduras when I heard the rhetoric about Petrocaribe and how the Venezuelan government was going to be a new source of funding. Ironic, since Venezuela was a major force in OPEC pushing for even higher oil prices. They were taking much more money out of Honduras through higher prices than they would ever come close to giving back. This was not a consideration many wanted to think about. So I think it was a troubling time to watch him in the Central American region because with the poverty rates and the high oil prices it was so cynical and Machiavellian. He wanted at OPEC meetings $200 a barrel. He is going to get as high a price as he can so he can make them suffer more. And then provide this incredible flow of money to buy and own and corrupt people and the institutions in the countries he is doing it to. So Petrocaribe was nothing to me but one massive corruption scheme.

Q: How did it translate though? I mean did this mean Chavez had particular shots to call within the country or…

FORD: My view would be out of date in the sense that I left in 2008.

Q: Well we are talking about that time.

FORD: So in my time none of this had quite played out. The government I think signed its first Petrocaribe agreement in the spring of 2008. I had long urged the president not to do that. My opposition was based on economic and financial considerations. The American taxpayer and the international community had been so incredibly generous with their assistance programs and the agreement in 2004 to pardon the public debt that it made my heart-break to see Honduras sign a deal for oil imports that would put them back into the same amount of debt they had before the previous debt was pardoned. I mean to go into debt for 25 years for oil today is not a good deal if you want to develop your country. Please also recall that the state of Honduras did not have any pipelines or storage facilities under their control that could handle the Venezuelan imports. Really a wonderful example of why Honduras has remained over the years a very impoverished country.

One other example related to Zelaya's reaction to a tragic airplane crash at the Tegucigalpa airport in late May 2008. While I was mobilizing our disaster relief team to go to the airport, offer assistance and tend to American citizen casualties, the President called me with a CNN reporter on the other line to announce that he had decided to close the airport and move all air traffic in the future to the landing strip managed by Joint Task Force Bravo at Palmerola. I told the President that I would be happy to follow up with him later after we had first dealt with the casualties at the airport. When we did talk later that evening, I learned that he was unaware that there was no current airport at Palmerola; had not discussed the project with any of the passenger or cargo carriers; and had not conducted any feasibility study to analyze how the new airport would fit into existing and planned regional air traffic. Most importantly, I reminded him that while the crash investigation was ongoing, it appeared highly likely that the cause was pilot error and that his closing of the airport, as if the airport had caused the accident, might be perceived as aiding the airline by suggesting that it was the airport runway or Honduran government that might be liable. A very expensive proposition!

Q: Were you as the embassy and other analysts looking at this expecting them to start this move to extend this four year term to infinity or not?

FORD: That was beginning to be a topic of discussion as I left in July 2008. We were surprised when it came up as none of us had heard any concern expressed previously about this topic. In fact Honduran political analysts let us know why the 1982 Constitution took such a strong view against re-election or even talking about reelection. The democratic experience in Honduras had not been a happy one as Presidents did not ever seem to want to leave office. So the effort had been to set a fixed four year term with no re-election and to never have that clause in the Constitution be amended.I don't think anybody could imagine in 2008 as I left that a year later, in 2009, the re-election button would be pushed in such a way that Zelaya managed to have rest of the institutions of the country, the Congress, the Attorney General and the Supreme Court throw him out of the country! But it was very clear as I left in July 2008 that the last year and a half before elections was going to be tumultuous. President Zelaya had managed to alienate every

institution in the country, and I left puzzled as to how or where they would find the political compromise to resolve what looked to be a growing problem, particularly within the governing Liberal Party. So I think that struggle as it played out later reached the crisis point and it would appear that there was no credible mediator who was able to help broker a political resolution of the crisis and all parties went over the cliff together.

Q: Well I mean I realize this is jumping ahead, but what causes all of a sudden he became kind of a hero in certain elements in the United States including the Obama administration.

FORD: You are asking me to talk about the events of 2009. I do have an opinion on that but haven't really been in contact with Honduras since I left in 2008.

Q: Well let's have your opinion.

FORD: It is an opinion based upon my experience in 2005-2008. I have not returned to Honduras since I left nor had conversations about Honduras. So I am not aware of the details of what happened in that year. I would imagine that the political conversation was about two things: insuring that the departing President would not be subject to prosecution or had immunity for actions taken during the Presidency. If I am not mistaken almost all of the ex-Presidents confronted lawsuits and charges but none were ever successfully prosecuted. I remember Honduran analysts describing for me the difficult negotiations at the end of every Presidential term. The other issue was within the Liberal Party and there the struggle was over control of the party agenda and the party itself. Would they re-affirm their traditional center-right platform or would they significantly change their platform to align more with the left such as with the FMLN in El Salvador and the Sandinistas in Nicaragua. At least, I would guess that was the political conversation going into the primaries, selection of the new Supreme Court judges and the Attorney General. So that conversation would be quite advanced and probably quite contentious by the second quarter of 2009.

What surprised me, and I could be wrong on this, is that the OAS or other members of the international community made no effort to mediate this conversation or offer compromises. Why in five days would the OAS throw Honduras out of the organization rather than conduct a fact finding mission and find out what the hell happened, because there was a story coming out from Honduras that was very different from the narrative that played out internationally. It was a narrative of a President who had been accused by the Attorney General, who has the authority to do that, of abusing power and violating the constitution. That accusation had gone to the Supreme Court, and they had agreed. The Congress too agreed with the Court and Chief Prosecutor. What pains me enormously is what the Honduran military was forced to do to carry out its constitutional role. I know the Honduran military always stressed their constitutional role to defend the Constitution. So if I read the press right, the week before President Zelaya was removed from power, the head of the Armed Forces refused a Presidential order to begin to carry out a referendum on whether there could be a Presidential re-election. He took that decision because it was judged to be unconstitutional. President Zelaya then removed him

from office and his Defense Minister resigned to show solidarity with the head of the Armed Forces. This was an enormous tragedy for the one truly professional institution in the country, and a military determined to stay out of politics. They actually obeyed the Constitution as interpreted by Honduran institutions but internationally they were seen as having undertaken a coup as there was little awareness as to what had been happening in Honduras in recent years. We live in an age of You Tube and the power of the image and the story wrote itself for most of the international media, together with impressions of Honduras that were 20 to 30 years out of date. What surprised me, and I believe speaks to the intensity of the conflict that President Zelaya had ignited during his time as President, was that despite the revocation of visas from officials in the interim government and the canceling of assistance projects, President Zelaya was never allowed to return to the Presidency. That speaks to me to the depth of the fears of the Hondurans as they resisted extraordinary efforts to make them reverse course and they were almost immediately completely isolated in the world. But they would not reverse course.

What I can't get my head around is how was the crisis allowed to reach this point? Everyone in the international community who was working on the ground in 2007-2008 knew that a crisis was brewing. At the Embassy we were very careful to report back to the inter-agency on the details on what was happening politically as well as in the deteriorating macro-economic policy space. Rule of law and corruption were two areas of keen interest in Washington and we thoroughly reported on developments there, including the fact that our MCC found that Honduras due to increased corruption would have difficulty continuing to work with them. We and the Spanish and multilateral institutions were funding the development of institutions like the Supreme Court and the Attorney General's new independent ministry. I don't understand how the crisis evolved to that point without a cry for some mediation from the international community, the OAS or the World Bank for example. I wonder what happened that didn't allow for some mediation as Honduras is a country so dependent upon the international community for advice and support. I just don't understand why that didn't happen in the months before the crisis of June 2009.

Q: OK, let's move on then. You left there in…

FORD: I left at the end of July, 2008 and immediately returned to my home agency of FCS and Commerce. I came back exhilarated, exhausted, and exasperated. I was exhilarated by the extraordinary three year experience leading an exceptional team of American diplomats advancing key national interests during a time of great change in Honduras. This experience was the culmination of my career and I am extraordinarily grateful to have had the opportunity. In May 2008 I was moved to receive the President's Distinguished Service Award. Also, in May our Embassy was exhaustively audited and reviewed by senior State Department Inspectors. The review gave us the top grade, highlighting especially our work in the law enforcement and intelligence area, which meant a lot to me as a non-State, career-FCS officer.

I was exhausted because I put every bit of emotional, intellectual, and physical energy that I had into this assignment. As they say in sports, I left it all on the playing field.

Finally, I was exasperated because for three years I was not able to persuade policy-makers that Honduras was on the road to snatch defeat from the jaws of victory. Despite considerable reporting to Washington agencies about the changed policy environment and facts on the ground, the bureaucratic machinery just continued to grind on in support of the programs as if nothing had changed. Faced with this historic moment to reduce poverty, the Honduran political establishment engaged in a game of petty small ball and narcissism that was truly stunning to me yet explains so much of why Honduras has trapped itself near the bottom of the development ladder. For these reasons, I haven't returned to Honduras since July 2008 or talked substantively about Honduras with U.S. or Honduran officials since that time. I said what I had to say and did what I had to do and I was so disappointed that I needed to move on. As I edit these notes, Honduran children are entering the U.S. in waves, illegally. Ten years after I arrived, Honduras and the region confront an even greater crisis and I fear that our reaction will be to throw even more money at the problem which will only create a bigger crisis unless we all change our way of thinking about this region.

Faced with mandatory retirement from FCS at the end of 2009, I was pleased to accept an offer from the Commander of US Southern Command to serve as a Senior Advisor to guide his relationships with the private sector. Admiral James Stavridis was intrigued by the fact that I had worked in the business community and with the Commerce Department. I was based in his Washington office as opposed to headquarters in Miami with the objective of determining how the Command might have a more robust relationship with the private sector and enhance its work in the region to deliver humanitarian assistance and disaster relief. So I agreed to take on this innovative new responsibility. Not only could I claim to be the third FCS professional to become an Ambassador but I would become the first to become an Advisor to a Combatant Commander. He had roughly a year left on his tour and I had a year left as well. So I worked with him for a year on this very innovative and strategic effort to look at whole of society solutions to national security problems. I would mention two or three highlights. The most interesting one was to look at the Command's drug interdiction effort and present a private sector critique developed by executives who were engaged in legal logistic operations going from South to North America. So it was a way of looking at Drug Trafficking Organizations (DTO) as a business model and how executives could help us understand where their innovation might go next so we would have a better way to intervene and confiscate their products. We also did a lot with humanitarian assistance. Much of the Command's work in the region was in this area as we faced no military threat in South America. I worked with the senior leaders of the Command to engage in the area of logistics. Then I worked to engage not only USAID and other Non-Governmental Organizations (NGO) in this effort but also the private sector and the corporate social responsibility projects that they would sponsor in the region. We made considerable progress here in developing relationships and engaging with each other in early stages of the planning cycle. It is my understanding this effort bore fruit shortly after I left the Command during the Haiti earthquake relief effort.

The project that intrigued me the most was Colombia. How does the economic development side match up with the security side of the effort to re-claim national

territory from the DTO's? Operationally, how could we make the connection between security and economic growth? With the DTO's occupying so much territory and so many citizens displaced, it was urgent that new economic activity be generated in order to stop the natural incentives to return to the drug trade and drug cultivation. So I had this extraordinary opportunity to be an advisor to help the military understand not how to do this, because that is not what they do, but to have them understand how economic actors thought about security and how economic actors were thinking about humanitarian assistance because many of the problems we were trying to address in this part of the world weren't going to be resolved by military means but rather by private markets and political compromise. We needed to find whole of society approaches to these problems that we were not able to solve through our traditional military and diplomatic means. So I found it very intriguing and frankly excellent therapy after my exasperation over watching us fail to engage properly in Honduras. At the end of my career I was pleased to have this new opportunity, this pilot, to engage commercial diplomacy and place it in the broader context of our national security. Like previous dynamic leaders at Commerce and State during my career and special Ambassadors, Admiral Stavridis was inspiring in his vision of the new tool kit the U.S. needed to carry as it engaged in the conflicts and pursued the opportunities of the 21st century. Again, I was moved at the end of my assignment to receive the Distinguished Civilian Service Award from the Chairman of the Joint Chiefs of Staff. I am taking some time off as my Mom has not been well and I need to get back and be with her in Dayton Ohio as much as possible.

Q: Ok well Chuck I want to thank you very much.

FORD: Thank you for the opportunity.

ADDENDUM

Q: I understand that shortly after retirement you accepted a recall appointment to return to active duty at the Commerce Department. Can you tell us about that?

FORD: Yes, I guess I failed at my effort to retire! A few months after retiring, I met with the nominee to become the Commerce Assistant Secretary and Director of the US & Foreign Commercial Service (USFCS), Suresh Kumar. He had learned of my service and my role in headquarters and asked for my perspective on priorities and challenges that he would face upon confirmation. We had an excellent conversation and strong personal chemistry. One conversation led to another and I also met with the new Under Secretary for the Bureau, Francisco Sanchez. Long story short, in early October 2010 I accepted a recall appointment to serve as the Deputy Director General of the USFCS, the chief operating officer position. My appointment was for a period not less than two years and not more than five years. From March 2012 when Suresh returned to the private sector to May 2013, I also served as Acting Assistant Secretary and Director General of USFCS, as Chief Executive Officer.

Q: Tell us about your work in this period. What did you find to be the main challenge and then the principle opportunity?

FORD: Well the main challenge was the organization had entered a death spiral due to poor executive leadership and resource management by the previous career team in USFCS and at the level of the International Trade Administration Bureau (ITA). This took place in the 2008 and 2009 budget years when again the career leadership in charge during the transition to a new Administration simply did not advocate for sufficient resources for the organization. It was particularly hard to believe that when the President's significant stimulus bill was being developed to present to Congress in 2009, the USFCS did not ask for any additional money. Stunning! So as a result, attrition had reduced our overall officer corps to historic low levels; the local employee headcount had decreased by 30% and there was very little money to operate our overseas offices.

So, in a nutshell, we had less than a year to conduct a strategic review of the organization and develop a rescue package to right the ship and eventually to grow to serve new markets of interest to US business.

Q: And the opportunity?

FORD: The opportunity was enormous. Given the financial crisis of 2008 and the Great Recession that followed, we had entered another period of great ferment and thought about government and its role in the economy. It felt to me like a much bigger moment than I experienced in the early 1990's in terms of the opportunity to re-think our programs in the Commercial Diplomacy space. Clearly globalization had advanced so rapidly that we were now doing programs and providing services that were not needed due to the impact of technology and communications on business to business relations.

Recognizing that much of future US growth would come not out of domestic consumption but from exports and trade, the President developed a framework for the economic agencies called the National Export Initiative (NEI). The moment was ripe for new thinking and innovative new program design to help our private sector grow in the global marketplace. Unfortunately, the promise of the moment was not fulfilled and the opportunity is on the shelf to be acted upon at another time of crises.

Q: With regard to the challenge, were you successful in righting the ship and repairing the USFCS? What exactly did you do?

FORD: Yes, I was quite proud of our accomplishments, perhaps the most significant of my career. I was able to assemble a talented group of veteran USFCS staff and new policy analysts into a strategic planning team that had the confidence of our Director General, Under Secretary and the Office of the Commerce Secretary. The approach I chose to take strategically was both transparent and straight-forward. We would accept our current resource level and out year budget projections and plan how to right-size the organization to fit into the levels but with staff and budget to run a robust program. That meant in effect that we would have to close 17 offices in the eight markets that were the

lowest ranking markets on our new resource allocation matrix. We would direct the savings in the out-years from these closures to the higher priority markets identified by our allocation matrix. In this way, we could run a world class program in the top 67 markets rather than the top 75. Importantly, these top 67 markets still represented over 95% of US exports. This right-sizing plan was approved by the Department and the Office of Management and Budget. We then presented it to our appropriators in the House and Senate as they would have to approve the plan. While they didn't like the outcomes, they were very impressed with our preparations and our policy and program analysis and approved the plans in short order. It was fortunate that as they approved the cut-back they also had in front of them our FY 12 budget request and gave us $15million more than they had originally allocated. So we did not have to close all of the 17 offices that we had identified.

Q: Did this action by the Congress solve your immediate problems?

FORD: No, but it did provide us with short-term relief for Fiscal Year 12. Our overheads and overseas operation costs were continuing to explode on the upside due to administrative inefficiencies at State and Commerce and to the declining purchasing power of the dollar. With this year of grace given to us by the appropriators, we worked again with ITA and the Department to design a consolidation of Bureau operating units. While I would have preferred a consolidation from 4 to 2 units, we did manage to consolidate from 4 to 3 units, with the USFCS taking over the smaller Market Access and Compliance (MAC) unit. In that way, the new USFCS/Global Markets unit would have a budget of around $320 million which would allow FCS to not only sustain its current operations but open offices in sub-Sahara Africa and Burma and strengthen offices in China and India, for example. So we met the challenge head-on and succeeded beyond my wildest expectations given the severe pressure in Congress to reduce spending. The officer corps has been able to expand to 250 officers, an historic high. We hired back the 30 % of local staff lost in the budget crisis of FY 08-10. And the programs and training are now well funded. USFCS in its new form should be OK for the next couple of years but is still not sustainable in the long run in my view.

Q: Is that last statement related to your earlier comment that the long-term opportunity for change was not taken advantage of?

FORD: Yes. I came back to government believing that after the attacks of 9/11, the impact of two wars, and the greatest economic crisis since the Great Depression, that government would be forced to/ready to change and to catch up with some of the innovations undertaken by the private sector in terms of public policy and public administration. I was bitterly disappointed that this was not the case. When I left government for the last time in May 2013, I recalled how fortunate I had been to work in senior leadership positions in the 1990-94 period, the golden days of commercial diplomacy. On the public administration side, it was one of those rare moments where the agenda of two Administrations lined up with the personal agendas of the political appointees which lined up to the legislative and policy mission of the organization they were confirmed to lead. Unfortunately, this occurs all too infrequently.

Q: Finally, can you share with us the opportunity that was missed? What is it you would have liked to see done in terms of modernizing and reforming the existing commercial diplomacy platform?

FORD: Sure. One of the challenges for USFCS and other agencies that operate overseas relates to the rapidly increasing costs of doing business, the overheads. Over 30% of the USFCS budget went to cover State and Commerce overhead charges. There was also no reserve to cover rising costs from exchange rates gains or losses. So, on the administrative side we might have seized the moment to examine seriously how and where we might best locate bricks and mortar operations and where we could meet our mission goals through the use of an inter-active web-based platform with services and information highly integrated with what is already on offer in the private market place.

In many ways I found our program still very much anchored in the 1980's looking backward. We had not moved higher up the value added chain.

I would very much have welcomed a deep dive review of our mission for commercial diplomacy looking forward 20 years, unafraid of what this might mean to existing bureaucratic structures or personnel levels. Companies are the ones that sell goods and services and we are facilitators whose role has changed enormously given the advent of the internet. As I said, that discussion will await the next round of budget cuts which look like the only way to provoke this kind of strategic thinking and creative destruction to create a new future.

I must say, in closing, how gratifying it was to have this one last and unexpected opportunity to serve. And to have had the privilege of serving as an Ambassador under one President representing one political party and then to be asked to return to senior service by another Administration of another party. Very satisfying to have had this extra opportunity to contribute!

Q: Thank you so much!

End of interview