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

AMBASSADOR NICHOLAS M. SALGO

Interviewed by: Charles Stuart Kennedy
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INTERVIEW

Q: Mr. Ambassador, I wonder if you could give me a bit about your background, sort of when you were born, where you were born, and something about your early days?

SALGO: I was born in Hungary, in Budapest, in 1914, just about two weeks after the First World War started. That had a certain direct imprint on my life, because my father was mobilized as a reserve officer and called to the arms.

Q: This would be the Austro-Hungarian Army.

SALGO: Yes, end of July. And, as an artillery officer, he was then commandeered to Przemyslaw, which was in what is today Poland. And, through the brilliant leadership of the Austro-Hungarian joint chief of staff, was surrounded by the Russians promptly. And after the local garrison, which consisted of some 15,000 men, ate up everything from horses to dogs and everything else, they had to surrender. So I saw my father and my father saw me, first time, when I was six years old.

Q: Now that was probably the greatest Russian victory of the war.

SALGO: And probably the only serious one. And of course once the Russians took everybody out from there, two weeks later the so-called disengaging army of the Austrian monarchy arrived to find an empty place. And my father and his fellow prisoners, the ones who survived, made it, over the next six years, from Przemyslaw to Vladivostok on the Pacific Ocean.

Q: Good God! But as far as you were concerned, you grew up in Budapest, is that right?

SALGO: Yes.

Q: Were you of Hungarian descent?

SALGO: Yes, but also typically for Hungarian descent, which I consider (it's my personal idea), is a fabulous melting pot over a thousand years. And just to illustrate it, one of my grandfathers, on the maternal side, came from Jagersdorf, which is what Hitler called the Sudeten Deutschland. And a great grandfather of mine, on the father's side, came from Daldeck, which was a small duchy in Germany. So you see. And my father's mother tongue was three: Slovak, Hungarian, and German--because he was born in a part of Hungary where you had to speak these three languages if you were at all educated. And as his father happened to be the County Doctor, so they spoke three languages at home.

Q: Well now, could you give a little feel for sort of the education you had.

SALGO: I had what I consider exceptionally good education for the period, irrespective of the completely unnecessary care and protection of my mother, who didn't let me go to public school for the first three years and had me tutored at home, because they were the years, after-war years, with influenza and all the very serious communicable diseases. I got into a very special high school, which was a state high school, not private, but directly run by the University of Budapest, and technically all the professors were university professors. And the school's aim and reason was that it was a school where every future, or ambitious, high school teacher had to pass a stage of teaching and then an examination before the whole body of the professors. It was called the Treford Demonstration Gymnasium-- "demonstration" being demonstrating teaching. And I believe that it had a very substantial influence on my future life.

Q: Well, you were in high school, this would have been in the early '20s, wouldn't it?

SALGO: I was in high school exactly from '24 to '32. And these were the worst years of the Hungarian irredentism, the *Nem, nem, soha*, which means No, no, never, and which sounded so nice and clean, but naive, so that even foreign diplomats espoused it, like Lord Rothmere.

Q: Who's a famous British publisher in England.

SALGO: And he thought that he's doing something good; in my opinion he did just put oil on the fire.

Q: Well now, it was extremely political times, of course, there in your high school time. When you were a student, did you get caught up in these turbulent politics that were going on? I mean, right and left were really going at each other.

SALGO: Not in Hungary. In Hungary, the left had very little to say ever since Horthy gained power and kicked out Béla Kun.

Q: Now when did Horthy come in?

SALGO: Immediately. You know, Béla Kun lasted only something like less than four months in 1919.

Q: Béla Kun was a very early Communist.

SALGO: He was the only successful Communist leader outside of Russia after World War Number One. And his success was based on a few thousand, maybe, but I think more likely a few hundred, heavily armed, leather-jacketed goons, with whom he just took over the country.

Q: But then Horthy came in, in 19...?

SALGO: Then Horthy came in, in late 1919. And after the waves of anti-Communist terrorism, which was as bad as the Communist terrorism and as little justified as the other one, things calmed down to an even keel, except for this always high-riding irredentism.

Q: Did this irredentism permeate your studies and your feelings?

SALGO: It did permeate my studies, and it permeated my mind without me really realizing that. But, you know, I consider in my life that I'm a very lucky guy--but by sheer coincidences. Before my eighteenth birthday, suddenly I discovered the truth.

And it was an amusing incident, if you will bear with the details. I had a chance to take an automobile ride from Budapest to Paris after my baccalaureate in 1932. And in Paris at that time was a major international fair. I am not sure what was the title of it, but I am sure I see it before me, practically every country had a big pavilion.

And one was a Romanian pavilion. And I walked in the Romanian pavilion (I am visual, so I can readily remember pictures), and there one wall was the whole two and a half story height of the building, and then a spiral staircase wound up in front of this wall. And as I walked up and looked at the wall, it had a big panorama on it, painted, and what do I see there? It's a victorious march of the greatest "Romanian" king, Matyas.

So I just exploded because of my typically Hungarian, one-sided education, and started yelling, in my best German (I didn't speak one word either Romanian or French at that time), saying, "These bastard Romanians! Not only they have stolen one-third of our country, now they are stealing our history!"

Because I learned that Matyas was the most *Hungarian* Hungarian king we ever had. Because he was elected from the Hungarian aristocracy by the aristocracy, and he brought in Renaissance to Hungary very effectively around 1450, I don't remember exactly [1458]. He had several wives, and one of them was Beatrice of one of the big Italian families. [Beatrice of Aragon, princess of Naples], who brought renaissance artists with her. And Matyas is known as a rather strong ruler, very much inclined for art. You may have heard about the greatest library of that period, named after him: Matyas Corvinus.

Q: So, back to this incident.

SALGO: This explosion of mine. Suddenly a little gray guy taps on my shoulder from behind and he says, in German, but broken German, "You must be a Hungarian." I said, "Of course I am." He introduces himself, he's a French history professor, and he says, "You know, I would be really interested to talk to you. Can I invite you for a cup of tea?" I was more than delighted, because I was on no pocket money. I
had not a penny practically in my pocket, and that will be my first meal of the day at tea.

He started telling me how they, the French, understand Hungarian history, and was telling me that Matyas was the son of a vaida of Voivode, who was clever enough, strong

enough, to make a deal with the Hungarian Court so that he will defend the Carpathian southern borders of Transylvania against the Turks, for a right to mint money, which was then the most money-making proposition of anything. Very simple. Money was minted at so many carat, but the value of it was if it would be pure gold. So you can see it was a big, big, fantastic profit. And that's how Hunyadi (which was a taken name by the father, his name was something else, I can't remember what it was) became one of the richest and most important Hungarian aristocrats. So that when there was a motion to who will be the next king, he bribed or compelled the other aristocrats to elect his son. So Matyas indeed, at least half-side, had Romanian background. Hunyadi, János's wife was a Hungarian girl, which he very wisely chose from the Hungarian aristocracy for better connection.

Q: I'm going to have to move you away from this, to get back to you.

SALGO: So the result was that I really began to understand that I was educated with absolute snakes under every stone. And that's why, if you want, I decided very shortly, within two years from then, that my future is not in Hungary. I had to get out. When the whole population is educated absolutely false materials, and brought up in a completely make-believe atmosphere to cover up all the deficiencies of economic and social and other development, that can only explode. And unfortunately it did. I left Hungary in 1936, four years after this incident.

Q: It must have been very difficult. Had you had military service?

SALGO: No, I was able to avoid that. I had what it is called here OEC. You know, the paramilitary for its students. And since I was at the same time a student in the university, so I got away with that.

Q: So you left in '36, which was a good time to start getting out of that whole cockpit that was Eastern Europe, and also tied to Germany and the fascist movement.

SALGO: And Germany and Italy exercised all the time stronger and stronger influence, because for Hitler it was very easy to tie in with this stupid irredentist policy, you know, and serve himself with it.

Q: Where did you go?

SALGO: In '36, I got myself an Australian landing permit, which at that time was not so easy. Besides, it was also the farthest away from Europe. But the company for which I was then working (I was working all my university years to sustain my studies) proposed that I stop on my way in Switzerland. Which I did, and indeed reached Australia only twenty years later. So I spent from '36 on, until the year when I came first time to the United States, 1947, working in Switzerland.

Q: What type of work were you doing in Switzerland?

SALGO: I was what today would be called an export manager. I was organizing the export activities of a very large Hungarian food combine, which was producing most of the known stable, nonperishable foods you can think of.

Q: This interview is focused on your ambassadorial time, but obviously you were there from '36 to '48.

SALGO: In Europe during the whole war.

Q: Could you give just a feel for some of the impressions you had of what you were seeing that may have had an influence on your later life? I mean, how did you see the war from your perspective, and the developments before the war there?

SALGO: Development before the war, I don't have to repeat it. I was sure that Central and Eastern Europe will be again immense battleground because of these irredentist ideas, and because of the major errors indeed committed in the Trianon and Versailles Treaties--economic errors more than political ones.

And during the war, like everybody else, I was holding my fingers crossed. And as we used to say in Switzerland, "We are neutral, but neutral for whom?"

Q: What happened? Obviously Hungary was overrun. First the war came, and all the dislocation because of that.

SALGO: Oh, then Horthy started maneuvers to extricate himself, which were so, to say the least, stupid and ill-conceived. Just to give you one element of it, he sent emissaries out to the Allies, to Turkey. And you know with whom they negotiated in Turkey?

Q: No.

SALGO: With Gestapo stooges. That gives you an idea. I mean, that's a historical fact. That gives you an idea how clever and how... they were.

Q: Oh, God. You came to the United States in '48, was that it?

SALGO: Right. I came first in '47. I took a three- month sabbatical to shop for a country, and I went from Vancouver to Patagonia.

Q: How about Australia?

SALGO: No, that was out of my mind at that point, because I was married, I had two small children, and I pretty well realized that Australia is a great thing, but it is a last resort, and I decided I want to go to the Western Hemisphere.

Q: Since you were doing your shopping, what caused you to choose the United States?

SALGO: From all my impressions during the three months, I felt there were only two countries which really attracted me, because of their size and riches and future, and that was the United States and Brazil. And then I looked at it from a practical point of view, particularly from my children's point of view, and I found that education in the United States was by far superior than Brazil, and it was a far superiorly developed democratic country than Brazil. So I decided for the United States.

Q: What sort of arrangements did you get to come to the United States? I mean, did you have a sponsor?

SALGO: No, I didn't have to. Frankly, I worked out myself the legal finesse... Because, as Hungarian-born, I had no chance to get on the quota.

Q: This is the immigration quota.

SALGO: The immigration quota, yes. I had a Swedish wife, our two children were born in Switzerland, and so it was very easy to get immigration visas for them--and I tagged along to support them. And, as such, I was nondeportable.

Q: I see. Well, what type of work were you doing in the United States?

SALGO: At that time I was a half-owner partner in the companies I worked with in Switzerland. It was a medium- sized import wholesale distribution company, which we developed quite substantially during the war, with buying offices in the whole Western Hemisphere. We had one in Buenos Aires, one in Sao Paulo, one in New York, and also one in Australia. My mission was to take over these offices, of which some did well, some did very poorly, particularly the New York one. That was the direct à propos of my coming here.

Q: As you were doing this, were you keeping an eye on developments in Hungary?

SALGO: No. In all fairness, I was so disgusted that, in '44, having the chance to extricate my parents (I was only child) from Hungary to Geneva where I lived, I pretty well concentrated myself on my future and not on Hungary.

Q: To get an impression, you were then not part of the exiled Hungarian establishment?

SALGO: Absolutely not.

Q: We have these groups in the United States, as you know.

SALGO: Yes, you have them, and they are terrible, as far as I can see, and very little constructive for Hungary. That's one of the biggest problems today. You see, Hungarians

have a wonderful habit, that if two Hungarians meet, they speak only Hungarian, irrespective the third party there (who happened to be my wife, who didn't speak one word). And if they have three Hungarians, then they belong to two different parties. So, frankly I don't want to have either one of that.

Q: So this particular group, I mean, there was no sort of nostalgia and all?

SALGO: I may be a peculiar animal, but I never felt homesick in my life. And I changed homes several times.

Q: While you were there, the fall of '56 must have had some impact.

SALGO: Oh, yes.

Q: For the record, this is the...

SALGO: For the first time, I really felt obliged morally. And I rushed immediately to Vienna, and there was participating in the screening, looking at people. And, in effect, I did find a few people whom I then adopted, so to speak.

Q: We're talking, of course, about the Hungarian revolt of 1956.

SALGO: I mean, the people who managed to get to Vienna.

Q: But this didn't suck you back into the new refugee wave, many of whom settled in the United States.

SALGO: No, I gave jobs to one or two, but frankly put them on a very hundred percent U.S. diet. In other words, make sure that they don't live with Hungarians, don't speak with Hungarians, but work and learn English.

Q: Before we move to your ambassadorship, what type of work were you doing as things progressed?

SALGO: I was basically, when I came here, a trader, essentially. And from that I went, over the years, in two areas, which are related basically. One was real estate, and the other was finances. I worked, first for seven years, as executive vice president of a then-famous developer called William Zeckendorf, of Weber Knapp. When I left him in 1957, I went in business for myself, from there on, essentially having parallel several enterprises. Still some of my old exporting work and finance companies, but then specializing more and more what today is called a conglomerate. That was a time of Roy Little and the other early birds. And I was one of them. So I put together several groups of companies, and grew with them or disposed of them--mostly grew with them. And wound up with a very large one, which was called the Bangor Punta, one of the Five Hundred and of the New York Stock Exchange.

Q: Were you at all watching American foreign policy during this time?

SALGO: Yes, I had to, because my background automatically made me very, how shall I say, international conscious and interested in expansion. We did business very early (I'm talking now about late '50s, early '60s) in Japan, in many other countries, including South Africa, etc. So we were very flexible and we moved around quite a bit.

Q: Because of your Hungarian background, as Hungary went through its various convulsions and all, were there any efforts made to contact you? I'm talking about business purposes.

SALGO: No. No, my first time I even thought or touched the Hungarian soil was in 1970. And that only because we had a big family reunion, very near to the Hungarian border in Austria on the occasion of the 100th birthday of my grandmother. So I took my two cousins, who were born in Hungary but they left as very small children, and my two children, who had never seen Hungary, to make a five-day round trip with a car through Hungary.

Q: What was your impression of Hungary then?

SALGO: Terrible. Terrible. And it was very peculiar, because the younger generations--in other words, the nephews and the children--saw everything positive, and I saw everything negative. Because they had no comparison. I had the comparison. I could see that the house where I was born, and which was shabby like hell when I left in '36, was much more shabby than it was then, and surely wasn't done anything to it since. And I was able to cross whole Budapest with my car in probably seven minutes flat, because there was absolutely no traffic. Nobody had a car. So it was very peculiar impression, and one which, how shall I say, told me it was good to have shown it to my children, because probably I will never have reason or occasion to come back anyhow.

Q: You didn't feel any nostalgic twinges or anything like that?

SALGO: No. Two funny incidents happened during this trip. One was at the border. And at that time you drew in and there was a big gate behind you, with about a one and a half foot diameter steel pole, and the same in front of you. Gives you a very funny feeling.

Q: I went to Hungary in '68, '69, something like that.

SALGO: So you know what I'm talking about. You went also by car?

Q: Yes.

SALGO: All right, so you know. That was a border near Graz. And we were five in the car. Four of us Americans, we had the Hungarian visa, but one of my cousins, who had a

British passport, didn't. So the man comes to the car. I address him in Hungarian, but broken Hungarian, that here are the four passports with visas, here is the English passport without visa, but I understand that you have the authority to put a visa in, and so would you please do so. And the guy looks at me and says, "Yes, Your Excellency!" So everybody started laughing like hell. My conclusion was that because we had a big white Jaguar that made me Excellency. So that's communism for you.

Q: I know. Every once in a while, when I was in Yugoslavia, I would wear a homburg hat, and I found it always got me to the head of the line. We're moving up to the 1970s now, and again focusing on the foreign relations. Were you taking any part in forums, or discussion groups, or political things dealing with foreign affairs?

SALGO: Yes. You know, I had a feeling already from the late '50s on, in effect in the late 50s when I left Vienna, I nearly took a job with what at that time I think it was called the aid agency, what was the name of it, AID?

Q: AID, yes. The name kept changing, but we call it the Agency for International Development.

SALGO: I volunteered, and frankly I was again very lucky, because I discovered in time that as head of the post (believe it or not, it was Saigon), I would have had all the responsibility, with absolutely no power over my own employees. I found out that one of them was an absolute alcoholic, so I raised the question: "Can I send him home?"

"You can't."

So I said, "Then I am not taking the job." You know, I was young and indifferent. And so that was my first brush with working for the government. But I really stayed with it, and through different regimes I got in different task forces, so I was becoming...

Q: What was the shape that it was taking?

SALGO: The areas: trade, minority enterprises, export improvements. I have to look it up. I have all these big papers.

Q: But were these from the political side, or were these from the expertise side?

SALGO: I think they were essentially on the expertise side. Because, although I registered as a Republican when I became a citizen, in '53 I was not really active politically.

Q: Well, then, later on, did you, you know, as we're moving up towards the early '80s...?

SALGO: That was a period when I was already permanently working in Washington. You see, I started the Watergate development in '59, it worked into the building stage in '62, and was finished around '71 or '72.

Q: This was Vatican money, wasn't it?

SALGO: It was a Vatican-controlled major Italian construction company. When I say "Vatican-controlled," over the many years (it is a 130-years-old company), people would leave in their will, shares, and Vatican had largest block of it.

So I was quite familiar with Washington, and I paralleled my work there with serving on these different committees or task forces.

Then, in 1982, we got a really intriguing one. (I wish somebody would use it; the results are in two whole books.) And that was essentially aimed to prove that American aid money, American support money, should support private enterprise and not governments. And, you know, like in all these task forces, there were some 20 or 22 people, out of which four worked.

Q: Yes. Oh, yes.

SALGO: And I was one of the four. And, through this, I got more and more involved with people in politics.

Q: This was, of course, in the very early Reagan administration.

SALGO: Yes, it was '81, '82. Then I was asked to serve at USIA as an expert for Central and Eastern Europe because of my background.

Q: Because of your background, but in many ways you really were far less involved in that type of area than maybe many, weren't you?

SALGO: I was not involved at all. My only use for USIA was that I am really, from birth and education in Central Europe, and from work and culturally, I understand, I know the mentalities and the attitudes of the area, from Austria to the east, probably better than most other American politicians would. And at the same time, having spent since '47 here, now 40-odd years, I think as, and I feel as, an American, and picked up enough of the American philosophy to see on the balance, where it is crashing, or where it can be useful.

Q: Well, just to pick up a little of this USIA time. This was a new administration that had come in, which was unlike many changeovers.

SALGO: It was one of the biggest.

Q: I mean, there had been considerable difference between the Carter and the Reagan administrations in outlook. And you were seeing some of the effects. On its focus on

Eastern Europe at that time, what was your impression of how the USIA...Charles Wick was the...

SALGO: I worked directly with him.

Q: ...the leader, who did not come really from much of a background as far as this area at all.

SALGO: He had a good nose.

Q: So how did you find the USIA responding to the problems in Eastern Europe at that early time?

SALGO: My personal experience, I must say, was quite positive. In two ways. I was shown some of the early developing programs, and was able to contribute, or refine them, or make suggestions. And, in effect, later on, I was even asked (that was my first mission to Hungary) to open one of the major American exhibitions there. On the other hand, I also got somewhat involved with the programs, which were not directly under USIA, but very much touched on Radio Free Europe, and Radio Liberty in Munich. So I developed a personal interest in that. And frankly I felt that my role was to balance a little bit the overzealous and too strong missionary tendencies, which prevailed in some people, by controlling that.

Q: I know what you're talking about. Particularly with a new administration coming in, it's the feeling that the hard sell and all.

SALGO: And blaming everybody and everything for everybody. I said, "You are not getting anywhere. What you should really do: say it's great that Mr. Kádár now lets you do so and so, but it would be even greater if he would let you do and so.

Q: We're talking about János Kádár, who is the...

SALGO: Communist Ruler of Hungary.

Q: I know, but I'm... for the record.

SALGO: You know, the attitude. Instead of just picking on the bad, talk a little bit of the good, too. But then say how much better it would be if.

Q: Well, did you have a problem with some of the USIA efforts, particularly their connection to the Voice of America and also Radio Liberty?

SALGO: No, I was able to be more or less a shock absorber.

Q: I was going to say. Because there have always been these feuds that really are carried over from the old country by so many exiles who work for these.

SALGO: See, there was my great advantage, that I was no part of any Hungarian clique or Hungarian group. I had no Hungarian identity.

Q: Were they trying to recruit you? I mean, the people within that?

SALGO: No, they would be all against me. Because evidently I was not satisfying any one of them. At one of the briefings, a few years later...you know, the State Department obliged me to give these briefings to the so-called Hungarian diaspora, and there people would stand up and ask, or not ask, but make statements how poorly I did things. Another would stand up and make a contrary statement how poorly I did for Hungary, the U.S., and so on. And when I had everything on me, I said, "Gentlemen, I agree with all of you, because all of you think that I should represent each of you. First of all, that's impossible, and I hate to tell you I represent the United States and none of the diaspora.

Q: How did your appointment as ambassador to Hungary come about?

SALGO: It's a rather peculiar thing, and you assumed that it was because of my Hungarian background--absolutely not. What happened really was that after serving with USIA and getting into some missions and other, and getting into this task force, which really I found quite interesting, I began to know more and more people around the White House. And, between others, I met Elizabeth Dole and, through her, Bill Clark. At that time, Bill Clark was the chief of staff.

Q: He was then national security advisor.

SALGO: Yes, he was already national security advisor. And they asked me what is my interest. And I was rather arrogant, I said, "You know, it so happens that two years ago I made a trip to Antarctica as a paying guest on an Argentine navy ship. I think I know exactly how to cure the big problem that we have now with the Argentines. Because we really helped the British to lick them."

Q: This was the Falkland Island, or the Malvinas, crisis, whatever you want to call it.

SALGO: Yes, and really I had ample knowledge of the background. And for me it was so typically the same stupid irredentism than what I got in my childhood, and was trying to tell to my Argentine friends, "Don't you see that these bastard generals of yours, who don't have the foggiest idea how to handle the economy, use this nonsense to detract attention?"

Anyhow, so I said, "Look, I would love to become ambassador to Buenos Aires and straighten out the mess. Because it will cost us economically if we let them doubt and be

furious against us for a number of years." Bill Clark thought that was a great idea. I also told him how I intend to try to settle it. (Which is immaterial; one day it will happen.)

And so the thing was put in motion. Buenos Aires was available. And it went so far that one day the Argentine ambassador, whom I knew, came up to me congratulating me, because he had the pleasure just to advise of the "agrément" for my nomination. So I said, "Thank you, very much." And I was taking, very diligently, Spanish lessons.

On Monday, I am called in, I can't remember who it was. Anyhow, called in by somebody saying, "I have good news and bad news for you."

So I said, "You pick."

So he says, "The bad news is that you are not going to Buenos Aires, because somebody, who is very high, expressed some interest and the president has to consider that." (By the way, I know who it was, and he never went to Buenos Aires either.)

He says, "But we have good news."

I said, "What is it?"

"You go to Budapest."

I said, "What?!" I was flabbergasted and really very upset. And I said, "Okay, I need 48 hours, or at least 24 hours, I want to think it through."

And I did think it through and came to this conclusion, that, number one, it is such a fantastic expression of confidence that I can't turn it down. Because to give to somebody who is (at that time I was hardly 30 years here) immigrant, you know, to go back there.

But I also felt that it was not necessarily a good choice. It was not necessarily a good choice, I made it very clear to Bill Clark. I said, "If things continue to develop favorably between Russia and us, I think I can do a very good job. Because evidently my job will be to balance the Russian ambassador, who is de facto the viceroy of Hungary, and I am representing the other superpower, who is viewing with it. But realize one thing: that if things get sour, I will be the first ambassador being kicked out by the Hungarians as persona non grata. Because the Russians will surely not like to have an American ambassador who has a much better position, by his ability and by his background and his language and his education, and consequently he has easy contacts. So if you take that in account and you still want me to go, I will."

So that's how I went.

Q: Well, let me ask a question. You know, William Clark, here was the national security advisor at the time...

SALGO: You know what was his answer?

Q: What?

SALGO: "When I see a cowboy, I know a cowboy. You are a cowboy, you go." For him, a cowboy was the guy who will always fall on his feet and will deliver.

Q: Did you have a feeling at that time that the White House really had much of a feel for Eastern Europe or not?

SALGO: No. They had a lot of curiosity for Eastern Europe (which was not evident, but they did). No feel whatever. One of my early reports, had to do with it. Bush, as the vice president, made a speech in Vienna, after visiting Budapest, which made havoc in whole Eastern Europe. That was the famous "differentiation" speech.

Q: What was that?

SALGO: Until then, was a famous saying: "If I met a Commie, I know all of them." Okay? The new idea was: We differentiate. We differentiate between the different satellites states. And I had to send back a cable that I am all for differentiation--provided we know the differences. It was not very well received at the State Department. And I tried to work out the differences. I organized meetings between my colleagues, and we visited each other so to work out what are the special conditions of Poland versus Hungary, or Romania versus Bulgaria, and so on.

Q: Well, in the early Reagan period...

SALGO: That was a very important step.

Q: I know, because in the early Reagan period there was first, the Soviet Union is the Evil Empire, and relations were really not good. You went there in 1983, this was still within that early period.

SALGO: Look, I was doing a very personal policy there. For instance (as probably in many other places), in the whole diplomatic corps, there were really two cliques: the Russian clique and the NATO clique. And then there was a group of so- called third countries who tried to pick up some information from us, from the NATO group, but tried to still show themselves interested in the Russian group, who wouldn't let them come near even. If there was any major reception, or a national day, you would see basically one group here, one group over there, and a lot of little guys floating around. And I found out in no time that, from what I called satellite ambassadors, all of them spoke either Hungarian or German.

So first of all, I paid courtesy call on all of them, including the Russian ambassador. Which astonished the daylight out of them, because no American ambassador did that before. And I explained to him, "Look, I am coming here, I will have to be here a few years, we will be together, as well be friendly." And he loved it. And from there on, whenever there was this group, I always walked first to the Russians, spent five, ten minutes with them (with one of my colleagues translating, because the Russian ambassador was the only one who didn't speak anything but Russian, and I don't speak Russian), and that created a certain attitude. And I don't have to tell you that the whole room was buzzing: "What's the American ambassador doing there?" But it worked.

Q: I'd like to come back, and then we'll develop this theme more, but in the first place, when you were nominated, were there any problems from the Hungarian side? Were they kind of unhappy to have some...

SALGO: No, they didn't dare to show that they were anxious and scared. They were. They admitted it later. The regime, you know, they were afraid that I'm a typical Hungarian expatriate who's coming back with vengeance in his heart.

Q: Yes, well, this is so often the case...

SALGO: But it wasn't.

Q: ...that an emigré who goes back, and what happens, usually two types of things. One, they're going back with vengeance, or two, they're going back to say, "Gee, look, I'm a poor boy, I left your lousy country, went back and made good in the United States. I'm going back to really show what happens in the United States." I mean, this is so often the pattern.

SALGO: I tried to be in the middle. Because frankly I had no vengeance in my heart (I don't believe in that), and I saw there a real possibility, and I think I was reasonably successful.

Q: Did you have any problem getting through the Senate?

SALGO: No. Funnily enough, I was told that it will be nearly impossible to get through Senator Pell.

Q: He was the chairman of the Foreign Relations...well, he wasn't.

SALGO: No, he wasn't, he was minority.

Q: He was minority at that point, yes.

SALGO: But he had a connection with Hungary because his father used to be a minister there and so on. And, you know, Senator Pell is a very nice person, but he has his dogmatic approaches.

Anyhow, what happened was that I show up for my hearing and Senator Pell is not there. It was Lugar who was the chairman. And it went very nicely. Lugar is a gentleman, and other senators were gentlemen alike. So some of my friends said, "Hey, that wasn't a hearing, that was a love-in..."

It's finished, we go back to the Department, telephone rings. Senator Pell. He's furious because he was misinformed. He wants me in his chambers at six p.m.

Lawyers tell me at the State Department, "Tell him to hang himself, you had your hearing."

"Forget about it," I said. "No way. I will not do that. If he wants me in his chambers at six p.m., I will be there."

"But don't do that, he will crucify you."

I said, "Look--it is my future."

So I went, and he was quite astonished that I did. I said, "I understand, Senator, that you were misinformed and wanted to have a chance to talk to me. Please, I am at your disposal."

So he gives me his typical ten-or fifteen-minute speech about how idiotic it is not to use professionals but amateurs. How incredible it is to use somebody who is not native American. And how absolutely unacceptable it is to use somebody who was born there, raised there, educated there, and is here only 30 years that's all.

So when he finishes (I was prepared for that), I said, "Mr. Senator, as you probably had read in my CV, I studied law and have a degree of L.S. in law. And evidently I expected your questions. And I prepared in my mind six good reasons why you should vote against my nomination, and six good reasons why you should vote for my nomination. Because, as you know, there are always pros and cons. Now which six you want to hear from me?"

He looked at me, started talking, and that was the end. And we had a pleasant conversation, where he was telling me his story, I told him my story. And then, when it came to a vote, he voted for the record "for", but not as a precedent. He did want the record to show it.

Q: Before you went out, what type of preparation did you have?

SALGO: It was very poor. I had a very capable desk officer, and he asked me: Do you want this? Do you want that? And I said, "Yes, I want everything I can." I said, "I am a Rip Van Winkle, from '36 to '82, so I need fill in." So he organized for me a kind of a seminar sessions. Two or three, with four or five Hungarian-origin professors, Gaty and at least four or five, individually or group. And they tried to fill in my missing gaps.

Particularly I was interested: Where is communism now? Where is Kádár now in his development? Where they say the Hungarians are going? What are the conflicts with the Russians? What are the conflicts with the other satellites? I mean, the main questions. So, because of that, I was able to pick that one up. But frankly, as far as State Department, Washington, administration, or system--zero.

I think they are now doing a much better job.

Q: Yes, I think they are making much more of an effort, for both career and non-career officers, to have a much better preparation period.

SALGO: I tell you, my major preparation was that through these USIA missions I was able to go to Hungary ahead of time. Got acquainted with our ambassador then.

Q: Who was our ambassador then?

SALGO: Harry Bergold. And invited him and his wife, for a week, to our place in France, where I tried to siphon out of him everything that I could. Which is one thing which I still think is absolutely ridiculous that we are not doing it. You know, there is no debriefing and briefing between the out-and ingoing ambassadors?

Q: Well, you know, I have to say that the whole genesis of what I'm doing right now, this whole program, is because of this, what I consider, terrible deficiency.

SALGO: My statement was that the janitors overlap. Everybody overlaps except the two guys, the DCM and the ambassador. You know how the Japanese do it?

Q: No.

SALGO: They force the two ambassadors into a seclusion for at least a week. They live together, they have no contact with anybody. I mean, that's why Japan is so effective.

Q: All right, you went out and met the ambassador. This is really very atypical.

SALGO: Yes, because I felt that I had to find knowledge.

Q: But, I mean, here you are talking about a relatively new administration still, in '83, and there's often the feeling that, well, we don't want to get tainted with what other people did, or something like that.

SALGO: That has nothing to do with it. It was the department who didn't give a hoot.

Q: The department never has. No, I agree with you, I think it's terrible. When did you get to Hungary?

SALGO: November '83, as ambassador.

Q: Yes, as ambassador. All right, now you'd had these briefings from experts in the field, and from the desk, and you'd had this time with the former ambassador, together, to pump him for the information. How did you see Hungary at that particular stage? It was different than the other countries in the Eastern bloc.

SALGO: First of all, I had to find out how different it was. So I made my business to go to Belgrade, go to Bucharest, go to Warsaw, go to Sofia, to East Berlin and Moscow, really to get a feel and discuss it, invite my colleagues. I organized even a general meeting of all of us in Vienna, where we had secure conditions. I realized very early that all the statement about having no privacy and being completely penetrated was not a joke...it was an understatement.

I realized that Hungary had a very privileged position. Because János Kádár, not for nothing, boasted always that he was not a "Muscovite." You know, because practically all the major leaders were Moscow-educated and Moscow-fed. In other words, a period of their lives they were there and taken care of. Kádár never was. And Kádár's Russian was miserable; he needed always an interpreter. And he was very proud of that.

I realized that to be an ambassador in Hungary was useless, practically, unless you get in with the Politburo crowd. Because the so-called government was nothing but just straw people.

Q: Sort of apparatchiks, who were...

SALGO: Not even apparatchiks. I did not make bones about it, I told the foreign minister, who later became ambassador here, I said, "Mr. Minister, what you are telling me, I read in the newspapers two years ago. I want to know what the White House (that was the name of their Politburo building), what the White House today wants, which means that I have to talk to the White House people." And frankly I forced my way in. I was the first Western ambassador who forced his way in and see Kádár and see the Politburo people.

Q: In other words, you found that the Foreign Ministry and all, which normally you deal with, I mean, it represented nothing.

SALGO: Nothing. It was a facade. And Varkony became foreign minister because he was a very good translator for Mr. Kádár, which was enough qualifications.

Q: After this, where did you find Hungary at that time, as far as its communism, its ties to the Soviet Union, its internal development?

SALGO: I found that one of the simplest and easiest ways to judge Hungary was to listen to their jokes. Hungary is the greatest fabricator of jokes. Not necessarily new jokes, but jokes adapted to the conditions. For instance, the joke went around, "In Hungary there is only one Communist--the only problem is that nobody knows who it is."

Q: Sort of like: A minnow is a whale that has passed through all stages of communism, that type of thing.

SALGO: And, of course, everybody was on the defensive. The local, I found out, I assumed that from the beginning. You know where I got very good support from the very beginning?

Q: No, where?

SALGO: Believe it or not, from our intelligence agencies. Bill Casey, the fall guy who is now everybody heaping dirt on him?

Q: Casey?

SALGO: Bill Casey. Turned out that he knew me way back. Admiral Odom became a great supporter of mine. I found a situation which was absolutely incredible. The embassy, the chancellery, is a corner building. It is surrounded, from both sides, by building belonging to the national bank. So evidently we were a free target.

That wasn't enough for the Hungarians. Seven years before my arrival, something fell down from somewhere in the facade, so the Hungarians immediately erected a scaffolding to protect the passing people, on both sides of the embassy, which was a direct method to penetrate wherever they want and whenever they want.

When I saw that, I said, "Somebody's crazy." And I did get a very good briefing in advance from the different agencies. And I got nowhere with the FBO and with the organization: "Oh, it would cost six million dollars. We don't have six million dollars to make it. It has to be done all with American personnel." I said, "You are out of your cotton- picking mind."

So after a while I got tired of it, and I came back and I advised the department that unless by first of April 1984 I have money and authority to take care of the facade, I'm closing the embassy for security reasons. They never heard yet from a political ambassador.

Then suddenly things started rolling. And particularly then Odom showed up himself for a meeting session, with four or five of his very well-dressed colonels, projections, things showing how one of the previous ambassador's shoes was a radio emitter (scaring the shit

out of everybody, excuse my English, there were some 30 people there in the room). It was Dr. Lamb, the assistant secretary for security. So when the light goes up again, Lamb looks around, saying, "Gentlemen, it seems that the ambassador has a point." And Odom chimed in, "Not only he has a point, he should have closed down the goddamn embassy the day when he arrived!"

So you know what happened? I got my authority. I had it done by Austrians. Had it done for less than one million dollars. Instead of two and a half years, in four months. But with 32 Seabees watching 40 Austrian workmen. Which is the only way to do it. You have check personnel doing it, but you have guys who know what the work is. So not an idiot from the office, but a Seabee watching him doing it.

Q: What were the intelligence agencies of the Hungarians really trying to do?

SALGO: Oh, they were trying...not only that, they did penetrate us. We found, when we did that, bars... which had thread on it so you can remove and put it back.

Q: You know, there were these great intelligence efforts to penetrate embassies then.

SALGO: They did.

Q: I know they did, and I've served five years in Yugoslavia, but I really wondered, for all the effort, does it really make any difference?

SALGO: I fully agree that it doesn't make much difference, except that finally you have to draw a line. So what I did, first of all, instead of having a room next to my room for my wife, like my predecessor had it, I asked and got installed a bubble there. So without anybody knowing whoever I wanted who came to visit me, I could take him into the bubble and talk.

Q: You're talking about the bubble, it's basically a plastic room, which is...

SALGO: No, it is really a completely secure room. Secure room even against electronic eavesdropping. And really imposed a certain discipline. But frankly I used those for myself, for what we called direct communication. It's a great installation.

You want to hear an absolute real story but amusing like hell?

Q: Sure, sure.

SALGO: I arrived there one day, whatever it was in November '83, and the first news they tell me--you know, the whole embassy's lined up at the airport, etc.--says, "We will take you now to the residence, which you know anyhow."

"Yes, etc,"

"But there is one little problem."

I said, "What's a little problem?"

"About a week ago, some tractor or some bulldozer, by error, cut all the telephone lines of the residence--both the regular outgoing line and the direct line to the chancellery."

And I said, "And why didn't they put it together?"

"Oh, they tell us it will take them three weeks to do it."
So I really blew my top. Nothing we can do, all right. Day later, the British ambassador calls up saying, "We welcome you here. I know that you will sit for at least ten days before you can present your papers." (You know why? Because Reagan kept sitting the Hungarian ambassador for two weeks. So, okay.) "But why don't you come over with your wife for lunch?"

So I did. Very nice guy, Appleby was his name, and he makes motion that I understand, you know, the room was bugged. I said, "Oh, yes, I realize that."

And during the lunch suddenly I had an idea. I said, "Ambassador, do you mind if, in a way, I avail myself of the conditions which exist here?"

And he, a typical Britisher, cracks a smile, saying, "Be my guest. You are my guest."

So I started a hell of a tirade, starting out by saying, "You know, these Hungarians hopefully will realize that I could do a lot for them or against them. And I really have every intention to help them in many ways what they need, you know, with their loan situation and... But how in the hell these bastards expect me to have anything for them when I arrive here and there's no goddamn telephone in my house? And I am told that it will take them three weeks to mend a cut, which they theoretically did by error, when I know well they did it on purpose just to aggravate me. So that's the way you make somebody to feel nice. "So he chimed in and said, "Calm you, etc., etc."

Long story short. We go home. Next morning, just by curiosity, I lift the telephone. Hah, it works!

My first call was to the ambassador. I said, "Ambassador, I am calling from my residence. That means that your communications system is perfect."

Q: How did you find the staff at the embassy, including your deputy chief of mission?

SALGO: Some very good. Some so-so. One or two unbearable. Deputy chief of mission turned out all right finally, but really it was a typical State Department dirty trick on him and on me.

You know what they did? Six months ahead, May or whenever it was, I was already officially the nominee, okay? I will go in sometimes in the fall. They give the DCM job to a new guy, and tell the new guy, "You get the agreement of the incoming ambassador."

So what happens? I am traveling for my own, I remember, in Colombo, (or Sri Lanka). Telephone from Washington. The new DCM begged me to accept him. I said, "Keith, how the hell can you do that to me, or anybody? I don't know you from Adam. I never talked to you. I have no objection you going there, but I will not abandon my privilege that if, after one day, or three weeks, or three months, we get in each other hair, to tell you to pack." You know, that was a dirty trick.

Q: Why do you think this happened?

SALGO: Because they thought that I am a complete idiot.

Q: Did it work out all right?

SALGO: It worked out all right, because he was an honest guy and he really did try. But he was never DCM in his life before. But it so happens that I was a manager all my life, so all right, so I taught him how to become a manager. And was able then to recommend him to one of my colleagues as a DCM. And he went from me to Norway and was a very good DCM. But it was a dirty trick.

Q: Had they told you, "Okay, here," because normally you're supposed to be given about six or seven folders, and then you...

SALGO: Yes, I never was given a single one. I was given this guy, whom then I was able to live with, but which meant that I had to work much more than normal.

Q: How much expertise on the Hungarian situation did you find at the embassy?

SALGO: First of all, the embassy was way understaffed, because of the freeze, you know, because of Mindszenty. You know, for sixteen years there was nothing happening there.

Q: We're talking about Cardinal Mindszenty, who had been kept there. Was he still at the embassy?

SALGO: No, no, he left in '71. But there was a sixteen- year freeze on the embassy, so when all the other embassies got staffed and specialists, etc., nothing happened. So they were catching up, after, in my time. For instance, there was only one political officer, only one economic officer. I got a junior political officer, I got a junior economic officer. There was no science officer, though at the end of my watch I got a science officer. So we had to restaff it. Some people were excellent. Some people were so good that I got them

back to my successors, because really I could recommend them. And one or two I had to just ship home, which was not easy.

Q: Did you find that there was a feel for the Hungarian situation?

SALGO: Some people, yes. But I also got an audit of the embassy, which was dated May of the same year, '83, which was a terrible audit. If you want to read it, it was just terrible.

Q: This was inspectors?

SALGO: Inspector general's audit, which really accused my predecessor that he doesn't give a hoot about the whole embassy, etc. Which wasn't true, but anyhow. These audits, I find, very often look at attacks of personalities and not the effect of their work. Now if somebody has a kind of withdrawn personality, then evidently there will be a lot of tongue- lashing and chatting against him, particularly if these auditors do nothing but try to dig dirt out of the people.

Q: How about the USIA effort?

SALGO: Was pretty good. Pretty good. And the guy who was there fortunately had to leave immediately, because there was a major problem, security, etc., related. But he was supposed to leave anyhow. The guy I got since made a major career; he is now one of the top men in USIA. He was another Hungarian-origin guy, with the name of Csaba Chikes, and he was pretty good. He got on-line with my ideas.

We, for instance, completely changed the whole methodology of operation. Because one of the major bellyaches of the Hungarians was that we are full of money, we can afford all these exhibitions and shows, and they have no money and it costs so much here in the United States that they can't afford it. I found out--I just dug into it and found out, that they were absolutely robbing us. We paid incredible amounts for space, labor, transportation for our exhibits.

So I said, "Hold it. I have a deal for you. You give us everything what we need here, free of charge; I give you $130,000 for your next exhibition in America." They grabbed it. You know how much we saved? $100,000. And we signed an agreement that from now on we pay each year a certain amount to them which will be determined by how much we feel it should cost us, etc. So we became the quartermasters, because we decided how much we want to spend, give them the money, and then have them do for us whatever we needed locally.

Q: You said that the Foreign Ministry was a facade. How then did your people in Budapest get to the White House, you basically had to use one's credentials as an ambassador.

SALGO: No, that wouldn't help.

Q: I mean, but at least...

SALGO: Oh, I got them with me. First of all, I would take them with me, which my predecessor never did. First of all, I took on me to visit all the 19 counties, officially, visit all the major cities, officially, always taking one or two officers with me--either the political guy or the second political guy, the economic guy, whoever was available. I organized for them joint trips. For instance, I got from Bucharest a Romanian-speaking political officer, and my Hungarian-speaking political officer, and they traveled all Transylvania, speaking both languages. So really they got into the know. And I listened to their reports--I couldn't go everywhere myself. I also made sure that I am talking to the secretaries of the Politburo, who are really the policy makers. Szuros, for instance. Does that mean anything to you?

Q: No, it doesn't. I don't know Hungary.

SALGO: I liked him from the first day, because Szuros, shortly after I arrived, was subject of tremendous attacks by the East Germans, by the Romanians, and by practically all the Russians, because he was the first high Politburo guy who said, "Look, my job is first Hungary; Warsaw Pact after." And, of course, that was never said before. And I frankly admired, from there on, Kádár, who supported him and didn't give in to the pressures to fire him.

Q: His position was what, secretary of the Politburo?

SALGO: Yes, Szuros was then the foreign secretary of Politburo.

Q: As you went in, what was our policy towards Hungary? What did we want from Hungary at this particular point of time in the Reagan administration, in the early to mid-80s?

SALGO: The best way, I think, to answer your question would be to read the Bush speech of Vienna, which was taking place, I think, just a week or two weeks before I arrived in Budapest. Frankly, I don't have it in my mind clearly. It was a policy of, how shall I say, not the kind neglect, but kind very superficial interest. If you don't bother us, if you try to separate yourself slowly and within what you think you can, from the Russian locomotive, we like that. But don't expect much from us, because basically our problem is Russia and not you. But that, frankly, I was never told, I figured kind of out. One of my major original problem was that during my three- plus years I never received a policy statement.

Q: It's not unusual. I would have thought that somebody would have said, "Well, your whole idea is to try to pry Hungary loose from the monolithic Soviet..."

SALGO: Oh, yes, that was implicit. That whatever we can do with Hungary which would diminish their support of the Soviet power is in our interest. So I didn't have to learn that from anybody. But what was the quid pro quo? There wasn't any. So you have to do it really in a more subtle way, showing the Hungarians what they gain by asserting a certain independence.

Q: What could you show?

SALGO: The fact that it brought in tourism--if they didn't treat so harshly, like the Russians did, tourists. It brought in better trade with Austria, and even with the other satellites, if they accept the notion of border trade. Which didn't exist before, but which is a notion which I learned in Switzerland in my early days because there was a Zone Franche. And Zone Franche meant that from both sides you could trade there, and it was a very good economic motor. And they installed that. So these were the things which were changing the character of mentality to some of the leaders.

I, for instance, got, through my contact in the White House then, the secretary of interior, Bill Clark, that we accepted the first Politburo member to visit the United States, which was the number-two guy under Kádár. Somewhere or other I planted the idea (not me, but you know...) that maybe one day the president of the United States should come to Hungary, and maybe one day Kádár should come and visit America. And they went for it like kids.

Q: He'd never been. Neither side had been there.

SALGO: But, now, Bush had been. Never before. No, because where did we go in any satellite country? Nowhere. Nowhere. Anyhow.

So, based on that, I sold to Washington's idea that I bring along the number-two guy, who looked then as a successor (he never became one). And I took him around here, and we were received by Mr. Reagan, we were received in the home of Mr. Bush. So it was full treatment. And six months later, the Russians sent one of their Politburo they were so jealous. So, you see, it was a rapprochement methodology--open up.

But this guy, who claimed to be my friend, etc., accepting the invitation, etc., and gave here a few speeches, which weren't too bad, basically didn't believe what I was showing to him--because that was his whole education. So at one point I sensed that. See, again, a born American would have never sensed it. But, talking to him in Hungarian, I got this edge in his voice, you know, "Yes, it is good. Yes, blah, blah..."

I said, "I tell you what," (I think we were in Detroit, I don't remember in what city), I said, "I will stay in the car. You stop the damn car wherever you want to stop it. I will tell you what kind of store or where we are, and you go with your Hungarian crowd in it and look around. I will not even go in with you."

"Why?"

"Because I know damn well you think that we are showing you Potemkin village. And please understand that Potemkin villages are stopping at your country's western border."

Okay. So he says, "All right."

So there is a big department store. I said, "You want to stop?"

"Yes."

"You go in. I wait here."

And we wait and wait and wait, and they don't come out. So I said, "What is going on?"

So I send in one of my guys and out comes he with a big package and a smile on his face. You know why? It was really funny. He says, "Now I believe everything." Turns out that he has a son who wears shoes which are 16 sized large. Incredible. He says, "Not only I could buy a pair, I had a choice between many."

You see, these are the things what you can do. From there on...

Oh, by the way, you know who was his secretary, whom I brought with him?

Q: No.

SALGO: Two years later, the prime minister of Hungary. His name is Nemeth Miklós.

Q: My gosh. So you got two for one.

SALGO: No, because I smelled that the guy is coming.

Q: What was your impression in your dealings with Kádár? I mean, he had been there really...

SALGO: Humanly, it would be interesting if I would have the time really to write a little essay about it. You see, for me he was a clearly typical, small Hungarian, self-educated, very vulnerable, with a great burden on his mind.

You know, at a later point I tried to influence him. And it didn't work. Influence him to take a position like Deng: Let the younger generation be the front. I said, "Look, it will finish poorly. Let the younger take the blame and take a senior position." He would not answer. But I understood later. He felt (and maybe rightfully so) that if he really let the reins out completely from his hands, they will ask him to answer for the death of Nagy.

Q: This is Imre...

SALGO: Imre Nagy. And, you know, his cohorts' execution, which was one of the dirtiest part of the history, because they were given a salvo conducto to get out, and then they were arrested and shot.

Q: This was the aftermath of the '56 revolution.

SALGO: And that was on his mind in a way which really prevented him to put himself really in a good shape in history. I think he did a tremendous amount for Hungary, under the given geopolitical conditions. I'm not talking about '56, '57, but I would say from '58 on.

Q: Well, he grew a great deal, didn't he?

SALGO: But look, he became a national hero. He became really the father of the country.

You know, there was a joke going around that Brezhnev is interrogating Kádár on one of his visits, saying, "János, is it true that you are really popular in your country?"

He says, "Yes, I am."

"So popular that if there would be a real election--you know what I mean by real election?

"Yes, I know what you mean by `real election.'"

"--you would be elected?"

"Unquestionably."

"What percentage vote you would get?"

"Ninety percent."

"Ninety percent. You know, I get always hundred percent."

"But that is not the vote we are talking about."

He says, "Okay. And what would you do with the ten percent who are voting against you?"

Q: You made a cut across the throat sign.

SALGO: Kádár said, "No."

"Why not?"

"Because that's the Party!"

Q: Ah, they were the members of the Communist Party who'd vote against him, yes.

SALGO: And, you know, that was about the situation. The Party didn't like him because he was absolutely clean, austere in his living--a small little apartment, nothing--and very popular. One of them. Basically a very primitive person. Tremendously self-educated. Had an excellent library, personal library where he worked.

Q: Well, did you find that he was using you to get a feel for the United States?

SALGO: Yes.

Q: Because he could talk to you in Hungarian, which of course would probably...

SALGO: Yes. Yes, he did, very much. He first tried to smoke me out, I call it, by using, funnily enough, what I consider my method. Started talking about himself, his views, etc., which is my method if I really want to smoke out somebody. Because that, you know, creates a familiarity...

So he was telling me a lot about his youth, how he became Communist, why, etc., etc. And since we were only three years different in age, I had early memories which jibed in perfectly with his stories. And, funnily enough, things come back to your mind, and I think I really put our relation in a very good base.
One day, when he was talking about how he just started to be a full-time worker, because he finished his apprenticeship, and that was around 1927 or so (he was born in '11, yes, he was 16 years old, yes, '27 or '28), and after a year and a half he was fired because of the Depression, and that he was paid to go to demonstrate on the street.

And it suddenly came back to my ear the cadence of the demonstrators, which went: *Munkat, Kenyeret*, which means: Work, Bread, Work, Bread. But, in Hungarian, *munkat* is accusative. In other words, it understands "give us work, give us bread" and I repeated the words.

It was so funny. He looks at me, "How do you know that?"

I said, " Your telling me about the demonstrations brought it back to my mind. I heard it, I was a youngster."

So that created a certain relation where I could really talk to him about things, and he felt he can talk to me. One of the most funny things, as memoir of Kádár, is, you may recall that the last, or an important part of the Helsinki process was a cultural forum which was

held in Budapest. And in preparation of this, the foreign minister suddenly got all excited and called me daily practically: "You have to take care of your NGOs."

I said, "Hey, we are not Russia. I can't do a goddamned thing about our NGOs. And you better don't do anything, then everything will be all right. You begin to fuss around with them, you will have the whole world's headlines. So I try to persuade them: leave them alone, let them do what they want, and they will run out of money and steam and everything will be fine."

At the last minute, I don't know who in the big brainstorm tells them that they should stop the meeting of the NGOs, which was scheduled...

Q: The NGO was the...?

SALGO: Nongovernmental organizations. You know, how shall I say, the self-appointed gadflies, of the "human rights". Mostly very nicely people.

So they evacuate them from the hotel, threw them out of the hotel. So they go to another place, and of course the headlines are there...

Next time I see Kádár, he starts out to say, "Mr. Ambassador, I wish my people would listen to you more than they do."

I said, "What are you talking about?"

He says, "Oh, these damned demonstration things, which we needed like a hole in our head. And you told them to leave them alone."

So, you see, he knew everything. He was really informed perfectly. I never would have told him that.

Q: Well, did you feel, while you were dealing with him, he was there while...

SALGO: Oh, he was there. He had a system, for health reason, to go away twice a year for four weeks. Go away in a kind of a seclusion. And then when he came back he would complain to me, saying, "You know, these bastards don't even leave me alone. They always find a pretext to come to see me for my decision."

Q: Well, did you find a change in his attitude...

SALGO: During my period?

Q: During the period you were there, particularly towards the United States and the West?

SALGO: Very much so. His interests grew tremendously, through the fact that we were able to feed him facts and history and everything. He very badly wanted to come and visit the United States, which unfortunately I couldn't organize for him. There was no way to let him come.

Q: Well, I mean, particularly with the '56 crowd still in the United States and the Nagy business, there was just no way really.

SALGO: No, there wasn't.

Q: How about from, particularly not as much from the State Department, but from the Reagan administration during this time, did you feel there was a change in attitude?

SALGO: Oh, yes. There was even some change of attitude to the degree that Reagan wanted to come there. Except the timing was so stupid that I had to really say absolutely no. His people wanted him to come there on May 8.

Q: May 8 was the...

SALGO: When Kádár and all the others had to stay in the lineup on the Lenin tomb on Red Square. That shows you that some of the people were uninformed around Reagan.

Q: Well, I mean, you didn't have the feeling that the group around Reagan really had a feel for...

SALGO: Some yes, but they were really not the policy makers. The originator of the May 8th visit was his Chief of Staff, Mike Deaver.

Q: I know the man. Well, we can fill this in later. But anyway, from what you were getting out there, I take it that you tend to treat our White House with a certain amount of caution, because you really didn't feel they had much sensitivity to...

SALGO: Shultz had a tremendous sensitivity. So I was all right once I was established there. Some guys, who come out and then say the State Department is terrible, etc., are just not fair. Once the State Department people, the top people, saw that I work and I achieve something, I had full cooperation and full support. So I had no real problem with the department. Look, proof of the pudding is I am still there-- and now that is five years later. And finishing this year will be my eighth year in the State Department. So that means that they wanted me to stay there. And I like it. So the department is all right. It needs very badly new blood and a new attitude and a new system of organization, but that's a different story. But I tell you, I warn you, a guy is coming out with a book. Did you hear about it?

Q: No, I haven't.

SALGO: Called The Betrayal of America. Funderburg, you know.

Q: Oh, I know, Funderburg was in Romania.

SALGO: You know what kind of a guy he is? I told you that one of my efforts, from the beginning, was to get together with my colleagues. We made two dates with Funderburg. One, I come down to Bucharest to visit with him. I came and he wasn't there. We made another date with Funderburg that he comes to visit me in Budapest. I am still waiting for him. He's not very responsible, in my opinion, I never met the guy. But to write a book, *The Betrayal of America*, of the Reagan administration, you must be...

Q: Crazy, yes. I mean, you know, when one deals with Eastern Europe, we're particularly finding it right today, and it's being focused on Yugoslavia, but that won't be the last place it's going to happen, these ethnic tensions... You were talking about the irredentism, which really drove you out. I mean, it so permeates the whole area.

SALGO: Look, I had a big and hard work here with Mr. Antall, the present prime minister, and Mr. Jeszenszky, the foreign minister. When I heard Mr. Antall to say to the audience that "I am the prime minister of 15 million Hungarians, of which 11 million lives inside Hungary's border and four around it," I got so mad, I said, "Mr. Antall, you have the one chance in life of do something positive toward the Hungarians by making Hungary the magnet, the economic and political magnet, so that borders disappear. But what you are doing? Rehashing the stupidity of Horthy." So he didn't like it.

I said, "Here, you should have talked to the two million Hungarians who declared themselves in the 1980 census as Americans of Hungarian origin. That you should talk to." I said, "Why is China doing so well? Because of the overseas Chinese. Not because of the Transylvania refugees." I said, "Look, don't give me the nonsense, because I was there when you Hungarians had to stop the Transylvanians coming in." I mean, it is false. You know why they had to stop coming in? Because they didn't know what to do with them.

Q: Well, we're getting ready for a tremendous exodus in Yugoslavia, I'm afraid. Were you sort of apprising the State Department, and looking for, if there ever is, if there ever was the thaw, because now there has become a thaw in Eastern Europe, that once you take the Communist pressure off, all hell is going to break loose, on the ethnic side as well as...

SALGO: No, I hoped, and I'm still hoping, that somebody will appear there with the statesmanship of an Adenauer, or a Schuman, or an Aponyi, or somebody who will be able to say that there is no solution to the ethnic problems. And the ethnic problems are only the consequence of two things: poor education and poor economy. In good education and good economy, the ethnic problem is a liveable problem. Proof--look at Switzerland, look at the United States. And wherever we have real poor education and poor economics, we have ethnic problems. True or not?

Q: Yes.

SALGO: So then now project it in the rest of the world and that's your answer. So your answer is: Take care, first of all, the economies. Because education, unfortunately, comes with the economy. Although it would be better if education would come first, because it would bring more economic improvement. And that's the only solution. And that's frankly what I was telling them then in Hungary, and I'm telling to anybody who is willing to listen to me now.

Q: While you were in Hungary, did you have any major problems to deal with? I'm thinking of a pipeline, or the...

SALGO: I had a few very close calls. I had one very unfortunate situation where a Marine, playing, literally, Russian roulette, shot himself.

Q: Oh, God.

SALGO: On post, on duty, one o'clock at night. I must say that the Hungarian behaved like a real gentleman. You never read about it, nothing happened to it, so we were able to take care of it.

I had two other close calls where overzealous, and in one case maybe a little bit under alcohol, Marines were beating up KGB-type Hungarians. So I had to intervene there, and I was able to...you didn't read anything, so it was taken care.

Q: As an ambassador, did you find, particularly in the hothouse of Eastern Europe at that time, that the Marine guards were more of almost a minus than a plus? I'm saying, from my own prejudice, although I have great respect for the Marines as a unit...

SALGO: It is a wonderful, decorative thing. It is unfair, in my opinion, to the kids.

Q: Because they are kids. We're really talking about very young, unsophisticated people.

SALGO: And it is unfair to our security. I don't mind to have a few Marine guards there for the looks, and for checking the traffic, or whatever you want. But why can't we do what the French are doing, the Germans are doing, the British are doing, taking middle-aged, half-retired, security people, with their wives, to do that? Without uniform, but professional. And you would get it for nothing practically. How many hundred thousand ethnic-origin Americans we have who live on Social Security? Wouldn't they love to come there instead. Instead of Marines, or the local employees who all have to go weekly to make a report. But you see, that's the organization.

And, you know what, the damned micromanagement by the Hill of the Department. It is a vicious circle. The department gets weak, the Hill steps in. The Hill steps in, the

department gets weaker. And basically no secretary is really interested in the department, because he's interested being a chief politician.

If I would be running the department, or have anything to do it, would split the whole department really in two. And really make special deputy secretary to create and run the department. Just as machinery.

Q: It's very difficult.

SALGO: I don't know, you must hear a lot from all my ex- colleagues. The department is probably studded with the most brilliant, well-educated people. Wonderful language potentials and possibilities. The guy who is now going to China was born there from missionaries. That's his fourth mission there. That's what we need.

When I was in Budapest, I had two other ambassadors who spoke excellent Hungarian. There were three others who did, but who denied it because they were from the satellite countries where it was a crime to be Hungarian, or to know Hungarian. You know who were the three? It was a Chinese ambassador, whose sixth mission was to Hungary, who was there as a student already. Spoke better Hungarian than me. And the Dutch ambassador. His mother was a widow and married a Hungarian aristocrat, and they got stuck there during the war, so he went in school there and so he spoke very good Hungarian. So we went out, the three of us, to see local shows, local theater, etc., which permitted me, again, to develop tremendously excellent relations with the Chinese.

Q: Did you have problems sort of getting out and meeting the Hungarians?

SALGO: Yes, very badly. They had orders absolutely not to...they couldn't accept an invitation without getting approval from superior. It happened twice that a visitor directly left there their invitation with a stamp on it: Approved. My people, however, were able to do it.

Q: By...?

SALGO: Typical. All the people at the lower level were much freer, and the Hungarians are basically very hospitable. In my three and a half years, I think we were invited to a private home maybe three times. I don't count one who was my schoolmate, much younger than I, and was my guest for years in Geneva, and who had (he admitted later) official permission to communicate with us as long as he reports.

Q: So, I mean, this was not a period of relaxation or...

SALGO: No, not yet.

Q: Were you seeing the cracks in the system at all?

SALGO: Oh, yes, very much so. I could never understand, and I asked Kádár why he kept Grósz there, whom the Russian Politburo member Romanov imposed on him. Particularly Romanov was the first to be kicked out by Gorbachev.

Q: Romanov, he was an idealogue of the...

SALGO: Romanov forced Kádár to put him in. And when Romanov was fired, Kádár should have fired immediately. And he didn't. Were then causing a lot of problems. In effect, one eliminated Kádár. Because they were typical adventurers, you know, self-promoters.

Q: Well, how much did you feel the Soviets were calling the shots at that time?

SALGO: When I arrived, they were calling completely. When I left, I would say that I made a pretty good balance to the Russian ambassador. By the way, the Russian ambassador was ex officio a member of their Politburo.

Q: Good God.

SALGO: They never admitted that, but I knew it because I watched him go in.

Q: Well, you know, you had your military attachés and all. How much did we see? You know, we're always trying to look at the time you were there.

SALGO: My military attachés were very good. They knew a lot.

Q: How did you see the Hungarian contribution to the Warsaw Pact?

SALGO: As a negative.

Q: I mean...

SALGO: As a negative.

Q: Well, I'm sure, I'm sure.

SALGO: Yes, they knew that. And the Russians knew.

Q: So how about the borders around? We're talking about the ethnic problems. I mean, how did they get along with Hungary? We're talking about particularly Czechoslovakia, Romania, and Yugoslavia.

SALGO: Hungary with Austria got along fine, irrespective that there are also ethnic problems there. But that was never a problem. Czechoslovakia was fine until the Czechs got out from the Russian control, then the Slovaks started kicking their heels.

Q: This wasn't during your time, though?

SALGO: No, that all came after.

Q: Yes, that was '89.

SALGO: Yes. And Romania was bad already at my time. That was already bad then.

Q: But you were unable to, because the relations were bad and so it would behoove the American representative...

SALGO: Yugoslavia was very good at my time.

Q: Even with the Hungarian group in the Voivodina...

SALGO: They had special rights, everything was nice. No, and of course with the Russians there was a...

Q: There was a small border with the Ukraine, I guess. But there wasn't much contact, you said, between your embassy and our embassy in Romania, which is sort of astounding.

SALGO: Oh, yes, on the working level. And I had very good contact with all the other embassies. For instance, with Ambassador Luers, who is now head of Metropolitan.

Q: Metropolitan Museum of Art.

SALGO: We had many times exchanges, so I did with all. The only guy I could never really even meet was this guy in Romania.

Q: When you left Hungary, how did you feel? Was our policy, and I'm not talking about just what you were doing, but when you left, sort of the feel of the State Department and the White House...?

SALGO: Oh, it was a focus point. It was a focus point.

Q: I mean, was there a feeling then that here was, you might say, an area which really was changing?

SALGO: Oh, yes.

Q: I mean, it was the first one to lower the watch towers and all around.

SALGO: No, it was in the cards then.

Q: So you sort of felt you'd watched some real progress at that point.

SALGO: Oh, yes.

Q: Well, I would like to talk to you at other times about other things, about your property issues and all that, but maybe we better close at this time.

End of interview