Interview with Maurice Williams

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MAURICE WILLIAMS

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Q: This is May 15, 1996 and our interview is with Maurice Williams. Maury joined AID in 1958 and served for 20 years before he accepted assignments as Chairman of the Development Assistance Committee based with the OECD in Paris, and later as Assistant Secretary-General of the United Nations World Food Council.

Lets start off by getting a little bit about your background, where you grew up, your schooling and college education, your early work experience: the kind of information that gives a feel for how and why you got into international development.

Early life, military service and education

WILLIAMS: I was born in 1920 in Canada. My father was working for an American company in Canada where he married a French Canadian girl. When I was five years old, my family moved to Kansas City, Missouri where I grew up. I am a mid-westerner in outlook being imbued with the values and “can-do” spirit of Middle-America in the mid-20th Century - namely that integrity and concentrated efforts yield their own reward.

Looking back I recall a civics class in the 6th grade which determined me on a public service career. It was the excitement of learning about President Roosevelt's New Deal which influenced me. Later when I had a choice between pursuing an academic career or a position with the State Department in Washington, without hesitation I chose government service.

After graduating from high school in Kansas City in 1939, I went to Northwestern University in Evanston, Illinois. My first year was eventful for I met the girl I would later marry, was elected class president and gained a necessary scholarship.

In 1942 I was drafted into the Army and became an officer and instructor at the Infantry School in Fort Benning, Georgia. My overseas experience with the Army was in the European theater. I was stationed in London which was an exciting place to be. Aside from the buzz bombs, London was the center of the allied war effort and the command headquarters of American forces in Europe. That experience in London influenced me to later pursue the study of international relations.

Q: What was your position at that time in the military?

WILLIAMS: As an infantry officer I was initially scheduled to go to the front in Normandy but because of my background as an instructor at Fort Benning , I was retained in England with a small cadre on the Salisbury Plain to retrain general service personnel to infantry. There was a shortage of trained infantry as a result of the high casualties on the Normandy beaches and hedge rows. From there I was assigned to London as a junior officer with the U.S. Supreme Headquarters at Governor Square.

Q: Interesting: how did you find that assignment?

WILLIAMS: As I mentioned earlier, London was a very exciting place which opened my mind and interest to international relations. On one of several visits to London, I ran into

a former teacher, who responding to my enthusiasm offered me a job with American intelligence.

Q: Did you have any contact with Eisenhower?

WILLIAMS: No, I was too junior for that, but I had a great deal of contact with the British who were generous in offering opportunities to Americans. They had set up the Churchill Club at Westminster, the House of Parliament, where I met British leaders in Parliament, in literature, and in academic life. I found those contacts immensely stimulating.

At the end of the war, instead of returning to Northwestern to complete an undergraduate degree, I went directly into graduate studies in international relations at the University of Chicago. Chicago offered that opportunity, and the GI Bill made it possible financially, for I had married during the war and we then had a baby son.

Q: What year was this?

WILLIAMS: That was in September 1946; I was late in returning home from Europe. Without combat experience I had a low priority for the available transport and used the interval to study for a term at the University of Fribourg in Switzerland.

Q: What did you major in at Chicago? International relations was the subject?

WILLIAMS: The University of Chicago was unique at that time in offering inter-disciplinary degrees. You could devise your own program in the social sciences focused on international studies. It also was possible to combine the social sciences and the humanities for a degree in ideas and methods, but not many were that ambitious.

The University of Chicago was outstanding in its faculty, having recruited renown scholars from Europe during the war. Many were at the top of their respective fields, Hans Morgenthau, for example, taught international politics. He was the outstanding realist in international political theory. I also took monetary theory from Milton Friedman, one of

the leading thinkers of the Chicago School of Economics. That was the level of academic instruction; it was tremendously stimulating.

Q: Did you have a particular emphasis in your program?

WILLIAMS: International economics was my major, with minor concentration in Russian studies, diplomacy and international law, and international communications. Aside from my regularly enrolled classes, I audited additional courses in history, sociology, and other subjects in the social sciences. The academic offering at Chicago was rich and varied.

In 1949 I completed a masters degree in international relations and felt well enough prepared to undertake written doctoral examinations, sixteen hours in my major and minor fields. Apparently, I passed with honors for I was told by my faculty advisor that I had scored in the upper ten percent of all Chicago doctoral candidates in the social sciences.

Despite encouragement to complete a doctoral degree, I did not continue on that path since I had decided on a public service rather than a teaching career. At that time, I was offered an appointment with the economic area of the State Department in Washington; a two year internship with rotating assignments and the promise of accelerated promotion.

Q: This would be in what year now?

WILLIAMS: It was during the Truman Administration in the early 1950s. However, Congress believed that the Federal Government had gotten too big during the war, and they froze all new hires. The State Department spokesman assured me that in about a year the freeze would be lifted, and that when it was I would have an assignment with them. I agreed to wait. In the interim, I took a job with the City of Chicago.

Civil Service Examiner with the City of Chicago

WILLIAMS: It turned out to be a significant job in terms of experience. At that time, the City of Chicago was governed by a political machine, and almost all (95 per cent) of its

employees were temporary appointees who supported the Kelly-Nash machine. Chicago had just elected a reform mayor, Kennelly, who was dedicated to reforming the civil service system, and I was offered the job as Civil Service Examiner with the assignment of setting up my own office and undertaking examinations to weed out the obvious incompetents.

Q: What an assignment!

WILLIAMS: I asked the Mayor, “Why do you offer this to me? My qualifications are in international relations and I have no experience in personnel administration.”

He replied: “You have been highly recommended by the University of Chicago. Since you don't have a career to make in personnel administration, we believe you are more likely to be flexible in applying the criteria we seek. Our objective is to provide job security to most of the city's employees while eliminating employees who are clearly incompetent from the city rolls without being overly ambitious in this initial reform.” Challenged, I took the job.

I recruited a small staff from the University for up to that time there had been no civil service office to set standards and undertake examinations. The experience took me into many departments of the city - from public school cooks and piano tuners to police and fire officials - to work out criteria for examinations. I did this with the help of interested civic groups. For example, for the hospitals run by the city I engaged doctors in private practice to set examination standards. When it came to the police force, I engaged the Northwestern University Police Academy. Everyone cooperated in the effort to upgrade the quality of personnel and services of the city.

My experience in civil service for the City of Chicago was good preparation for later programming of technical assistance as part of American foreign aid. Also, it gave me perspective on corruption in America relative to the corruption that I would later encounter

overseas, as well as practical experience with the process and limits of reform. You could make a certain amount of progress but not too much all at once.

Q: Was there a lot of political tension in that process?

WILLIAMS: Yes some, particularly when we worked with the major departments, such as police and fire, and administered examinations for senior positions like police sergeant and lieutenant. I used to keep those examinations in the freezer of my frig rather than risk leaving them in the office at city hall.

About a year later, the Department of State said that the freeze on federal hiring had been lifted and offered me a position at the beginning professional level, a GS-7. That was twice the pay for a good deal less responsibility than working for the City of Chicago.

An internship in the State Department on Strategic Materials

Q: What was your first assignment?

WILLIAMS: This was during the Truman Administration when Dean Acheson was the Secretary of State. The assignment was with the Division of Natural Resources. It was the period of economic mobilization during the Korean War and the beginning of the Cold War with the Soviet Union. At the end of the Second World War the U.S. had rapidly demobilized, both militarily and economically. There was a reversal of that process, and the economic offices in State were understaffed for the new responsibilities. As an intern I found myself charged with important duties concerning the allocation of natural resources between domestic and overseas requirements.

Q: Natural resources at that time referred to strategic materials?

WILLIAMS: Strategic materials, that is correct. With the extensive destruction of the economies in Europe and Asia during the Second World War, the U.S. economy constituted half the world's GNP. U.S. resources were in demand both domestically and

internationally. We had assumed responsibility for assisting reconstruction in both Europe and the Far East, and the Korean War brought the need for partial remobilization. So there were issues of priorities for U.S. resource allocations.

Naturally, there was high Congressional interest in the determination of allocation priorities, particularly as they concerned domestic constituencies. There were many Congressional staff and interdepartmental meetings at which I found myself the lone voice on behalf of our foreign policy interests. I learned that the State Department has a tough job in this regard.

I recall a meeting with Eleanor Dulles, the Department Desk Officer for Berlin and Austria, and two officials from Austria who were seeking a favorable ruling on U.S. resource exports. I rather bluntly said there was little prospect for their request in view of other priorities. Eleanor Dulles - the sister of John Foster Dulles - said to me that “It is also important to consider the charm factor in these determinations.” The Austrian officials smiled happily, and I learned a lesson in diplomacy.

Q: Were you working on a particular strategic material?

WILLIAMS: No across the range of strategic materials. I recall sulfur had a particular urgency as one of the materials in short supply. On a single day nine Congressional letters hit my desk having to do with the allocation of sulfur between domestic needs and foreign programs. Congressional mail had to be answered promptly and I was stunned by all these letters at one time.

The Assistant Secretary of State for Economic Affairs, Harold Linder, had a weekly staff meeting with senior State officers concerning mobilization and resource allocation issues. I was asked to sit in and keep a record of the meetings, which exposed me to some of the policy considerations. Harold Linder was reputed to have made a fortune in the New York

commodity exchange markets, so he knew the field well. Later Linder became head of the Export-Import Bank.

Economic intelligence work with the CIA

WILLIAMS: My career with the State Department came to an abrupt end when I was recalled by the army to go to Korea on my reserve commission as a captain in intelligence, which was the area of my assignment during the war in London. State Department personnel advised me that at my grade as an intern I did not qualify for a deferment with them.

However, I was advised that if I chose the army would defer me for assignment with CIA, given my record at the University of Chicago in economics and Russian history. A professor of economics from MIT, Max Millikan, was setting up a new office in CIA for economic research on the Soviet Bloc. Millikan met me with an organizational chart of the new office saying “I've got a number of positions to fill; which one would you like?” After four years in the army during the war in Europe, and then with a family and a couple of kids, I had no difficulty in deciding to work with Millikan at CIA.

Q: What was the focus of this mission? Can you recall what they were trying to do with this research program?

WILLIAMS: The mission of the new CIA Office of Research and Reports (ORR) was to study Soviet economic capabilities to manage their large military build-up and sustain their civilian economy. They had retained large armed forces after the Second World War and appeared to be building up tremendous tank forces. This was seen as a threat to Western Europe, which at that time had large communist movements in France and Italy. These concerns by the U.S. and its allies led to the origin of NATO and to a strengthening of intelligence services to assess Soviet capabilities and intentions.

In terms of intelligence on the Soviet Union, we were starting from scratch since the U.S. had never done much academically or otherwise in Russian studies. It would become a boom field during the Cold War. Millikan recruited others with similar academic credentials to mine, mainly from the University of Chicago and Harvard.

We engaged in straight forward research on what we called “surveys of ignorance”, in other words what did we know and what did we need to know about Soviet economic capabilities? My initial assignment was on trade relations between the Soviet Union and the East European countries, the “captive nations”. I also joined in a team assessment of the overall Soviet economy.

British intelligence knew more about the Soviet Bloc than we did and there was a close exchange of information with them. Not that the British had focused much on Russia; their main concern had been with Germany obviously. But they had captured the German army intelligence unit, intact with their files, that had specialized on the Soviet economy. Through a combination of British information, what we knew ourselves, and what we learned from the Germans, we put together our first capacity study of the Soviet economy, including how it functioned, its limitations, and what we needed to know in an agenda for continuing research.

CIA research studies had a strong emphasis on policy related issues in support of the State Department. CIA at that time was headed by Allen Dulles and his brother, John Foster Dulles, was Secretary of State.

One policy related study which engaged me had to do with whether the American Navy should blockade the coast of China. I had researched economic relations between the Soviet Union and Communist China, the capacity of the Trans-Siberian railroad and what resources had been taken by the Russians out of Manchuria. One specific issue was whether strategic materials were reaching Russia from China.

U.S. Naval intelligence alleged that substantial strategic materials were going through Hong Kong to China, and being trans-shipped to Russia by way of the Trans-Siberian railroad. Admiral Radford, who was chief of the U.S. Pacific fleet, strongly urged a naval blockade of the coast of China. The British strongly denied such shipments via Hong Kong and opposed a naval blockade. CIA pulled together what we knew about that railroad and Chinese coastal shipping. Then in an effort to verify what materials might be reaching China through Hong Kong, British and U.S. naval authorities conducted a joint operation of boarding ships plying between Hong Kong and mainland China over a period of several weeks.

I was sent to Hong Kong to monitor the results of the joint operation. What I found was that the officers concerned, American and British, could not agree on the evidence drawn from their boarding some 200 Chinese coast vessels, mainly junks. On my own, I reviewed the manifests from these joint boardings and concluded that no strategic materials were reaching China through Hong Kong.

Q: None at all?

WILLIAMS: None revealed by that joint exercise of American and British naval officers. I mention this because the British were greatly interested in my conclusion. They would later request that I be assigned as the U.S. liaison officer with British intelligence in London, which was a big jump in my career.

Q: You were still with CIA?

WILLIAMS: With CIA. My report on coastal trade out of Hong Kong was sent to President Truman and Prime Minister Churchill for a meeting they held in Bermuda. It settled the issue that there would be no U.S. blockade of the coast of China, despite the fact that Admiral Radford was a powerful influence at that time and later became Chairman of the Joint Chiefs.

Q: And the U.S. Navy had other intelligence or they just didn't know?

WILLIAMS: I believed they cooked their information.

Q: Cooked it?

WILLIAMS: What I mean is that U.S. Naval intelligence knew what Admiral Radford wanted to hear in support of his policy objectives. It is not unknown in the intelligence business to interpret the facts according to your policy objectives. When you get to a certain level of national policy and intelligence, this is often a problem.

Assignment to London in joint intelligence work with the British, 1953-1955

I was assigned to London with a two grade promotion to GS-15 having entered CIA three years earlier as a GS-9. I would spend two years with the Joint Intelligence Bureau (JIB) in Whitehall.

Q: These were what two years?

WILLIAMS: From mid-1953 to mid-1955, it was known as the dawn of the new Elizabethan age with the coronation of Queen Elizabeth. The head of the British Joint Intelligence Bureau, Sir Kenneth Strong, had been General Eisenhower's chief of intelligence in the Second World War. And the joint U.K.-U.S. staff approach of the war period had continued. I headed a small American team in combined intelligence work with the British.

Q: Did this joint group have any particular mission ?

WILLIAMS: JIB combined civilian and military service personnel for intelligence research and assessments on Communist Bloc countries. Its officers had varied experience in most regions of the British Empire, and they focused their skills and available information from all sources on Soviet military, political and economic capabilities and intentions. It was an

interesting experience in comparative government which would later prove valuable in my work with U.S. foreign assistance.

Q: How did you and the British get along?

WILLIAMS: I went to London with good credentials, having served in London during the Second World War, and I was praised for my recent report on coastal shipping out of Hong Kong. I got along well, and personally gained great respect for the British service, working directly with a retired Brigadier-General Jimmy Way who had extensive Middle East and South Asian experience. Others in the Bureau were drawn from commerce, from universities as well as from the military services. It was truly a combined operational approach, with small but highly experience staffs. We learned a good deal from the British joint staff approach.

Q: To whom did the group report?

WILLIAMS: Sir Kenneth, the head of Bureau, reported to Prime Minister Harold Macmillan. On one occasion I was invited to join in a briefing of the Prime Minister. There was a continuous exchange of policy related intelligence between the British and CIA, an exchange which it was my task to facilitate.

Work on national intelligence and Soviet economic assistanc1955-1958

After two years in London, I returned to Washington and was assigned to the CIA Office of National Estimates which was charged with preparing policy assessments for the President.

I was a staff economist in the Office which was something of an experiment since national estimates for the most part concerned political issues. The Office was organized geographically, and produced assessments on the current situation and projected developments in foreign countries and regions of special interest to the U.S. It was a

rigorous intellectual process of successive reviews of our initial draft estimates by senior government officials in Washington and by outstanding academicians meeting periodically at Princeton University.

I advised on the country studies and regularly produced an annual assessment of world trends and developments. I also did the first national estimate on which countries had both the capability and political motivation to produce nuclear weapons. We called it the Nth Countries' Assessment.

Another interesting assignment was a study specifically requested by President Eisenhower on Soviet capabilities and Third World vulnerabilities to Soviet economic assistance. Khrushchev had launched a major aid program, dramatically mixing aid and trade in large credits to non-aligned countries including Afghanistan, Egypt and India. President Eisenhower was deeply concerned with this Soviet “economic penetration” of the Third World and its challenge to U.S. interests. I was assigned to do this study with a personal friend of the president, Joe Dodge of Detroit. He was pleased to let me write the report and was generous in acknowledging my contribution.

When we were invited to present the results of the study to President Eisenhower at a meeting of his full Cabinet, Joe Dodge introduced me as the fellow who had done the study and could answer all the questions.

Q: What an opportunity! How did the study come out? I mean can you remember much of the general conclusion of your study and the points you were trying to make?

WILLIAMS: The Soviet Union had taken a bold approach in offering hundreds of millions of dollars in trade credits repayable in developing country exports. Soviet aid was largely in capital equipment and arms, promising the prospect of accelerated industrialization under Soviet type command economic planning and mobilization - known as “the Russian model of development.” Their objectives and criteria were far more politically motivated than the

U.S. assistance programs. Also, their aid credits were repayable in local currency over a long term, in effect tying up local resources in repayment obligations.

Q: Barter arrangement?

WILLIAMS: Yes barter trade arrangements. It was indeed as President Eisenhower had suspected, economic penetration. The terms of repayment, while apparently favorable for recipients, had the potential of gaining important control over their economies. The Soviet Union clearly had the economic capacity to undertake such aid programs, selectively, where it was politically important to them.

Q: Do you have a sense that such aid was both effective economically and politically ?

WILLIAMS: It was immediately effective politically and the capital equipment delivered by the Soviet was real enough. The Soviet offer to help countries industrialize had tremendous appeal, like their offer of steel mills. However, the Soviet approach distorted the development process with its over emphasis on heavy industry at the expense of agriculture. They held up their system of state planning as highly successful for industrial development. The Soviet aid initiative presented a real challenge to American foreign and aid policies.

Q: What was the reaction to your report?

WILLIAMS: There was great interest in what we had to say. There was not a lengthy debate of the subject at the President's Cabinet meeting, but the effects were far reaching in the ensuing evaluation of our own aid programs.

Q: You saw some of the ramifications of this in subsequent policy?

WILLIAMS: Yes, in fact the redirection of the U.S. aid program and the restructuring of the new Agency for International Development (AID) was a reaction to that assessment. We would meet the Soviet challenge and AID was set up to do that.

Q: We'll talk about that later but your study provided very important points.

WILLIAMS: It stimulated my interest in foreign aid as an instrument of our foreign policy and led to my transfer from CIA to the American aid agency.

I recall an interesting incident at the President's cabinet meeting. When I entered the cabinet room with Joe Dodge, the meeting was already in progress and they were discussing U.S. Policy toward Eastern Europe. The issue concerned liberating those captive nations from Soviet control. I heard the President ask Attorney General Brownell if it was possible to do what had been proposed. I hadn't heard the precise proposal, but heard Brownell reply “No, Mr. President, that would be illegal.” Whereupon President Eisenhower flung the pencil he held in hand on the table and exclaimed, “God dammit, that's the trouble with this government; every time you have a good idea, you can't do it.”

I was stunned. Here was the President of the United States, an honored war hero, who also encountered frustration in government work, in his case regarding the limits of presidential power. These limits had earlier been implied by President Truman when he was quoted as saying, “Wait until Ike gets here and gives orders and he finds that nothing happens.” Q: Yes, I remember that well.

WILLIAMS: In the following year I encountered a set back in my work with the Office of National Estimates. I was assigned the initial draft of a five year projection of the future of Western Europe. The war for Algerian independence was tearing France apart politically and bleeding it economically. Progress in the Common Market for economic cooperation between France and West Germany was blocked and the future stability of Western Europe was in doubt.

Over the five year period, I projected an optimistic outlook with de Gaulle achieving a political settlement both domestically in France and with Algeria, and good progress in rapprochement between France and West Germany in the European Common Market. This would prove correct, but at the time my estimate did not appear creditable to the U.S. senior intelligence establishment, many of whom had known de Gaulle personally during the war and had a low regard for his abilities.

I was summarily dismissed from the estimate which was rewritten by others with a much more uncertain outlook. The lesson was that for intelligence projections, it was not enough to be right, you also had to be convincing and creditable to your policy audience. I had failed that test and decided it was time to leave CIA. Given my new found interest in foreign aid I took an assignment with the Mutual Security Agency (MSA), the predecessor agency of AID.

Joined the Mutual Security Agency in Iran

In response to the competition with the Soviet Union, the Eisenhower administration expanded the Point Four technical assistance program of President Truman to include military and capital assistance in support of defensive alliances against Soviet expansion. U.S. alliances with developing countries extended from Greece through Turkey, Iran, Pakistan to East Asian countries. To emphasize the security thrust of the program, the International Cooperation Administration (ICA) was retitled the Mutual Security Agency (MSA). Countries allied with the United States received large-scale economic and military assistance; those not allied received technical assistance.

In 1958 I went to Tehran as the Assistant Director for Program with the U.S. Operations Mission (USOM). It was a large mission administering annually some $10 million in Point Four-type technical assistance, $40 million in budget support with a staff of about 300 Americans - both direct hire and contract - organized in major functional divisions:

agriculture, community development, education, health, industry, public administration, and media communications.

Iran had high political priority for U.S. foreign policy, but the aid program was in serious trouble with the Congress. Investigations by Congressman Porter Hardy had turned up many program failings and weaknesses. The U.S. had allocated large aid funds to Iran largely on the political criteria of bolstering the Shah and economy following the 1953 collapse of the Mossadegh government. As prime minister, Mossadegh had nationalized the huge foreign oil holdings in Iran and almost succeeded in deposing the Shah. U.S. political intervention had succeeded in putting the Shah back on his throne and reversing the nationalization of the oil investments of British and American companies.

However, the collapse of a popular nationalist movement and several years without oil revenues created a political crisis and economic recession. In these circumstances, the large aid mission and much economic assistance had been justified as a means of building political support for the Shah. But the important political rationale for aid allocations had overridden concern about economic feasibility, and hastily conceived and unfinished projects were spread throughout the country even as late as 1958.

Q: How was our program to achieve that political objective?

WILLIAMS: One means was by a high profile American technical assistance presence throughout the country, backed up by fairly substantial capital transfers, as well as military equipment and a large American military assistance group. Given the overriding political priority, we applied every instrument we had. There were American advisors at the side of every economic minister and large aid offices in the nine provinces or ostans, including Tabriz, Meshed, Sanandaj, Isfahan, Shiraz. The Mission was deeply involved in working with the government at all levels.

There was a kind of pump-priming process by rapidly funding projects and activities through a special funding arrangement, a Master Joint Fund, which I gather was adapted

from earlier aid experience with servicios in Latin America. The monies we had put into the Master Joint Fund were jointly controlled by a special USOM and Iranian committee, outside the financial systems of either government. Hence, there was great flexibility in the use of the funds with limited accountability.

Q: It had its own rules, personnel policies, etc.-a form of shadow government?

WILLIAMS: It was in fact a shadow or separate government with flexibility to hire its own personnel, provide budget support to ministries, or whatever else was believed to be useful.

Q: There were a large number of Iranians employed by it?

WILLIAMS: There were about a thousand Iranian employees of the master joint fund.

Q: Why was it felt necessary to create this Master Joint Fund?

WILLIAMS: I believe it was a device which provided flexibility and speed in fund allocations, given the political priority to demonstrate immediate activity. You could support the large technical assistance type programs with a lot of capital assistance. You could build up staffs in the government ministries like agriculture, launch an entirely new Ministry of Health, as well build-up the governors' offices in the provinces. It was quite an operation.

However, the system was in trouble when I arrived on the scene because so many projects had been started, so much equipment had been shipped for them, and as I mentioned many of these projects had not been completed. Congressman Hardy made a big thing about “the road that went nowhere”, about over-equipped vocational training facilities without any hookup to electric power or trained staff to run them. Things were done rapidly for political impact using aid instruments and budget support through the

Master Joint Fund. The whole process had been under aid mission direction with too little regard for the role of the Iranian ministries, which admittedly were not very efficient.

My instructions in Washington were to do what I could as mission program officer to get all this straightened out.

Q: Who was the director at the time?

WILLIAMS: Harry Brenn, a retired colonel, who had made a reputation for himself in the Philippines as Director of the ICA Mission. When Magsaysay came out of the jungle in the end of the war, Harry Brenn was there on military assignment and befriended him. President Magsaysay was strongly pro-American. Brenn had been a highly successful aid mission director in the Philippines, and on this basis was sent to Iran. However, Iran was a totally different situation and culture from the Philippines.

Q: How did you go about the task of reform?

WILLIAMS: I only speak of my instructions. The Program Office I headed had never been very involved in program direction. It had been more of an office for economic reporting and compiling the program requests of the functional technical divisions, each of which had its own program officer. Consequently, I did not have a position of much influence in the Mission; the real power was exercised by the Assistant Director for Operations under the oversight of the Mission Director. It was structured as an operations mission. I didn't get hold of the program very quickly.

However, I became well acquainted with the Master Joint Fund and gradually assumed responsibility for that shadow government as it affected the mission programs. And I began to assess priorities. My background in CIA policy assessments was helpful because there were major policy issues underlying the Mission program and U.S. relations with the Iranian government.

My basic assessment was that U.S. policy over-emphasized the military building of the Iranian armed forces to the extent that it was undermining the economy. The Iranian Government was highly compartmentalized and with the recovery of oil revenues, increased resources were going mainly to the military and to large infrastructure projects. The USAID Mission was over-exposed in activities which were normally those of the traditional Iranian ministries but with minimum involvement on their part, financially or otherwise. Without more direct Iran Government involvement, the USAID program was largely failing in its mission to build public support for the Shah and his government.

I began to write some of this into the program documents and I also sent my assessment of the political situation and the role of the aid mission by personal letters to my good friend, Jim Grant, who was in the State Department as Deputy Assistant Secretary of Near East area (NEA). I later found that my letters were widely circulated in State, and to the White House, Budget Bureau - and eventually to the U.S. Ambassador in Iran.

Ambassador Julius Holmes was a career diplomat who had been General Eisenhower's political adviser in the North African campaign and was well connected politically in Washington.

The Ambassador called me over and said, “I see you have been writing letters to Washington”. I acknowledged that I had been writing to my friend Jim Grant about things that Washington needed to know and that couldn't be easily expressed in formal program documents. The Ambassador said he found my letters “fairly interesting”; he would instruct Harry Brenn, the USOM Mission Director to bring me to the Ambassador's staff meetings.

Q: That was a positive reaction; not a typical response in that kind of situation.

WILLIAMS: I believe the Ambassador decided to co-opt me. I could have been in real trouble. Apparently he had a complete set of my letters and he may have known that they were well regarded in Washington - as I learned later. Also, the political situation in Iran

was difficult and tenuous. The fact that the aid mission was spread so widely throughout the country provided a basis for political and economic assessments which the Embassy staff lacked.

Whatever the reasons, the Ambassador brought me into his inner circle of advisors. From that point on I was a member of his senior staff, included in the weekly luncheon with the heads of the different U.S. missions: military, information agency, USOM and his senior officers. This group was known as the country team.

Q: Were there changes that began to evolve in the program along with this interaction with the Embassy?

WILLIAMS: It strengthened my programming role within the aid mission. Also, inclusion in the Ambassador's Country Team gave me a different perspective of the Shah and his inner circle. The Shah's moods of deep depression were a continuing concern of the ambassador; at country team meetings he spent a lot of time talking about them. This was a totally authoritarian government with an unstable leader. I gained the impression that our ambassador had an important role in helping to maintain the Shah's equilibrium. Or was it possible that the Shah was play-acting to manipulate the ambassador?. The Iranians are a complicated and clever people with a culture quite alien to our own.

Shortly thereafter the Ambassador asked me to accompany him to Washington on a mission to renew Iranian budget support which had been running $40,000,000 annually. He had the political influence in State to get it over the opposition of the Mutual Security Agency. Since I was with the Ambassador, it appeared that I was supporting him when in fact I had been coopted, There was deep criticism of continuing budget support to Iran in the aid agency. However, Doc FitzGerald, who was the operational deputy of MSA announced they wanted “Maury Williams protected from this criticism” since the decision had been forced by State.

Q: You were under fire from some of your other colleagues, I imagine?

WILLIAMS: Exactly. Ambassador Holmes got his way because the political priority was very high. And it probably made a difference that he was a friend of President Eisenhower.

Q: What was the core of the issue?

WILLIAMS: I suspect the Ambassador had been leveraged by the Shah to continue the annual level of budget support despite the recovery of Iran's oil revenues.

Q: This was a direct grant, a transfer of funds?

WILLIAMS: A direct cash transfer.

Q: No policy reform measures?

WILLIAMS: Nothing! Nothing at all, beyond political criteria. The MSA agency was very unhappy with this given the need for program reform and continuing Congressional attacks on the Iran aid program. And I had been totally coopted by the Ambassador. But the fact that FitzGerald, as the deputy of the aid agency, sought to protect me, that really impressed mWhen you have support like that, you can be bolder on reform issues.

Secretary of State John Foster Dulles visited Iran during my tour. He spent 40 hours in Tehran and made a commitment for a further $40,000,000 which MSA had to cough up, this time for the military budget. I was asked to work out some justifiable attribution for these funds in the military budget. In the Iranian Defense Ministry I located their budget officer, a Colonel Goofuri who claimed that there was no approved written budget but that he could relate orally how their funds were being spent. It was like a housewife speaking of household expenditures, and I couldn't make heads or tails of it.

I reported to Washington that this aid would simply have to be attributed as “general troop support”, and that before any U.S. funds were released we should insist that the Iranian

Defense Ministry produce a written budget, with our technical help if necessary. This was done.

Q: On the economic side was there an attribution at all?

WILLIAMS: No, the grant went directly to the Defense Ministry.

The economic situation in Iran at that time was that oil revenues were flowing again with the reestablishment of Iran into the oil markets after the reversal on nationalization of oil. But the flow was slow relative to budget needs which kept growing. In terms of budgets Iran had three governments: the traditional economic ministries which USOM dealt with; the security ministries which the Shah looked after directly (armed forces, intelligence and foreign ministry). And then there was the Plan Organization which was being set up as a result of U.S. pressure on Iran allocate a percentage of the oil revenues for development. That arrangement had been negotiated by World Bank President Eugene Black.

The intention was to build competence for development in a separate Plan Organization because there was limited competence in the traditional economic ministries. The Plan Organization would have a central planning unit largely staffed by American- trained Iranian economists, assisted by an American Harvard Advisory Group, all of whom had arrived in Tehran about the I had. In contrast to the relatively insulated Plan Organization, the US Operating Mission worked directly with the traditional economic ministries.

Q: Did the Plan Organization have any influence over the traditional ministries?

WILLIAMS: No, there was great rivalry between them. The Plan Organization built its own technical capabilities, largely with contract groups, and ignored the regular ministries because they didn't want to put money through that rat hole, they said. That was some of the dynamics of the situation.

Q: Was there mainly a macro economics focus.

WILLIAMS: No, you couldn't do much macro economics: there weren't enough statistics available. One of the aid mission's projects was directed to developing statistical systems. The Iranian economy comprised an oil-based enclave, traditional peasant agriculture, some very rich landowners, a mercantile bazaar class, minor manufacturing and traditional crafts such as weaving wonderful Persian rugs. Oil provided a resource potential with continuous political wrangling among the Shah's Court, traditional economic ministries, and the security agencies over oil revenue allocations.

Q: How would you characterize the development thrust of the program in terms of the more traditional development objectives and the effectiveness of the program? What were we doing or what were we able to accomplish?

WILLIAMS: The aid mission focused on technical assistance projects with major American staffs and ambitious programs in agriculture, health, education, and public administration. There also were projects in community development, industry, labor, and communications. The mission program spanned all the economic sectors and ministries. There were large training programs, although the effects were not immediate. The programs were heavily rural and agriculture based, working through provincial offices.

Mission assistance in public health was outstanding, building a health ministry from scratch, rural health clinics and staffing a major hospital complex in Shiraz. Important assistance was being provided in education including primary education, technical vocational training, and a major agricultural college.

Q: In agriculture, was this a time when the major emphasis was on wheat production?

WILLIAMS: No, it was before the green revolution technology was available. Agricultural extension was important but the results were not dramatic, compared with what would come later. Rural credit and water management were the pillars of the agricultural program. Community development did important work in village organization and

sanitation. And the public administration program focused on training managers and providing advisory services at all levels.

Q: This was one of the largest public administration programs we've ever had.

WILLIAMS: It was indeed

Q: What was your assessment of that program?

WILLIAMS: Despite a comprehensive effort in public administration, the program on the whole was not very successful. Our advisors were up against traditional interests. There were great tensions within government agencies between the newly trained modernizers and the overwhelming mass of traditionalists. Iranians who were trying to do things in a new way were at risk in their own establishments and the support of foreign advisors was not always helpful to them. Inducing change in a traditional society is a slow process.

Q: Was the government particularly supportive of the rural orientation of the development activity? The issue of poverty, was that an issue of concern?

WILLIAMS: That was a central objective of the USAID program. One of the projects was for the redistribution of the Shah's crown lands. Agricultural and community development programs were naturally concerned with rural change and development. Community development, however, was part of the Interior Ministry which also had security responsibilities. Our public administration program sought to decentralize authority to the provinces and to the cities and significant progress was being made in encouraging local autonomy, until the Ministry of Interior concluded that this was dangerous; at the stroke of the Shah's pen all the progress that had been made in local autonomy was wiped out. Such a large and widely engaged American aid mission had a modernizing influence certainly, but the Iranian officials while cooperating with us, were quite selective in taking what they thought was helpful to them.

One of the U.S. objectives was to bolster the Shah's weak political support and to direct the aid program to that end. Our analysis was that people were truly interested in the health and education of their children, and in improved nutrition. It was also helpful to encourage the redistribution of lands which were held by very large landowners including the crown. One of the Shah's ministers, for example, had holdings as large as [the state of] Switzerland. We were trying to push reforms through these kinds of efforts.

Q: Was there any progress made in the crown distribution?

WILLIAMS: Yes, there was slow progress. We would provide technical support for distribution of some of the crown lands and periodically there would be a redistribution ceremony. But all authority was centralized with the Shah. This is where the ambassador's relationship with the Shah, and my relationship with the ambassador proved helpful in terms of what progress could be encouraged in getting the Shah to understand that we were really trying to help build his political support. But then there was the question of the Shah's moods as to how much progress could be made. But if we could get the Shah to issue the instruction, then crown lands could be distributed, and various other things could be done.

Q: The government responded to the Shah's commands?

WILLIAMS: The government would respond to the Shah's commands, and the Ambassador's influence with the Shah was helpful. There were advantages and disadvantages to working with an authoritarian government. When you got the autocrat to agree your program moved forward. When you couldn't get his agreement, nothing happened. There is not much political development in that situation.

Q: How would you characterize what you learned from that very interesting time?

WILLIAMS: I certainly was fairly critical of American foreign policy for being so militarily oriented. If popular support was to be built, it required a more economic development

focus and less on supporting the Shah's military aspirations. Some of this got back in my letters to Washington.

Q: Do those letters still exist?

WILLIAMS: I don't have them, and don't know whether they exist or not. I didn't keep record, maybe I should have.

Q: Very historic letters.

WILLIAMS: Their significance may have been to contribute to a reevaluation of U.S. foreign aid policy toward Iran. It was said that the letters were well regarded in Washington and later proved to be in line with the reappraisal of aid policy by President Kennedy's administration. Even before Kennedy was elected President, there was a consensus in Washington that our policy toward Iran was in need of major revision.

I was recalled to Washington at the completion of a two year tour. It seemed to me that my contribution had been minimal, the work was exacting but with very limited progress. At every turn one was battling strong division chiefs within the mission, entrenched interests in the ministries, political foreign policy “imperatives.” What I concluded is that you needed enough political priority to get the aid money and a low enough political priority to be able to allocate it sensibly. When the political priority was too high you had much less influence over how the aid was allocated. And that was pretty much the situation in Iran.

Q: If it wasn't high enough, you didn't get the money.

WILLIAMS: When you have a large mission of Americans overseas it becomes a community in itself, highly visible and somewhat insular with a lot of socializing. When I first arrived in Tehran I made an informal survey of what had brought Americans to Iran in the aid program, why they thought they were there.

I found that they divided into three general categories. There were the missionary types, people who had joined the aid program to do good works. There were straight adventurers who were there for the excitement of being in a foreign country. Then there were what I call the escapists, people who had problems at home and were escaping from them. Most dramatically this was illustrated by one person's response to my question, “What brought you to Iran with the aid program?” He said “I found my wife in bed with another man, beat him up, and joined foreign aid.” So for some aid was a kind of a foreign legion. While I didn't work out the proportions exactly, it seemed to me that the groups constituted rough thirds.

Q: What was your view of the competence of these people in their work in development?

WILLIAMS: They brought real skills from the American experience. They were competent in their respective fields, having been hired as such. Generally, they were not very competent in cultural understanding. Of course, Iran was a rather difficult culture, a very old culture, a very unique one, as inscrutable as the Chinese in many ways being such an autonomous and ancient culture. We were not well equipped to deal with that, neither myself nor others of the mission.

Q: Was there any attempt to compensate for that or address that situation?

WILLIAMS: No, not really. That would come later, cultural orientation. I had a week's briefing in Washington prior to being sent into the program job with instructions to “straighten up the mess.”

Q: Did you have much contact with the Iranian people? Or did the Mission people have contact with them?

WILLIAMS: As I mentioned, we had American advisers at the side of every minister and deeply involved in government ministries and provincial offices, so our advisors had a

lot of contact. We were far better off in that respect than the State Department Embassy people since we were really embedded into the Iranian structure institutionally.

Q: What about social relations?

WILLIAMS: Somewhat formal and based on working relationships. The close relationships that I had were with the new team of Iranian officials who had been educated in the United States, who came into the Plan Organization and some other agencies. A number of them had American wives. These became close friends and associates; they were people like myself trying to deal with a rather difficult situation in a programmatic sense.

The Mission was very much oriented toward operations, and the rivalries within the mission were strong. The division chiefs were like dukes of Burgundy, more powerful than the king of France, or in this case the mission director. In terms of program functions, there was an internal struggle between myself and the assistant director for operations, which gradually eased as I gained influence in my relations with the Ambassador and the Mission Director.

Q: I think that's very helpful. It gives an interesting picture of the era when there were big aid missions. Well, is there anything more about the Iran experience that influenced your view of the development process and the aid business?

WILLIAMS: Certainly it deepened my experience in dealing with a society in transition. I learned how tough, how difficult development is with the instruments that we had. The Iranian experience may have misled me into thinking that the way to get progress was to have somebody in a position of authority to order it, because so much of what we were able to achieve in Iran was through persuasion of highly authoritarian government officials. For example, I learned that you used as many channels to the decision maker as you could, to get the decisions you wanted. Not a very democratic process, but one that met American interests.

At the end of two years, I was called back to Washington in the summer of 1960, before the presidential election. I became the program officer for the Near East and South Asia in the Mutual Security Agency.

Q: This was just before AID was formed?

WILLIAMS: Yes, reassessments were being undertaken even before Kennedy was elected. After the election, I became very much involved in the redirection of the aid Program.

Member of the task force on reforming assistance and the creation of AID-1960

WILLIAMS: President Kennedy's first appointment of Administrator of the Mutual Security Agency was Harry Labouisse, who began the process of reforming the aid program away from its heavy emphasis on security goals to more broadly supporting development objectives. I was privileged to accompany Labouisse in his testimony to Congress on the proposed new aid concepts.

While Labouisse fully supported a reform of the aid program, he believed this could best be done in the framework of the existing aid agency. In his judgement a total reorganization of MSA would be unduly disruptive. However, the people around Kennedy wanted to uproot MSA and reorganize it completely. That is what happened. Labouisse resigned over the issue. He was a true professional who believed that good aid policies and experienced aid officers were more important than organizational structures. He was not entirely wrong for agencies do lose a lot of momentum when they reorganize, and you hope that the improved political image of a new agency offsets that loss.

The task force that was then set up for the redirection of aid and the organization of a new aid agency was headed by Max Millikan who was head of the Economics Department at MIT. Millikan and Walt Rostow, also at MIT, had developed assessments of the economic competition between the Soviet Union and Free World for the hearts and minds of

developing countries. I had known Millikan earlier in CIA when he had recruited me for the then new office of economic research.

I was a member of Millikan's task force for the reform of the aid program. As the program officer for the Near East, South Asia it was my task to apply the knowledge of that region to the new aid criteria that were being formulated.

Q: What were the driving forces and concepts that led to the way the AID was shaped and ordered?

WILLIAMS: The aid program of President Kennedy's Administration was directed to substantially step up the level of economic aid to Third World countries, those allied with us and non-aligned as well, on a sustained basis in order to accelerate their social and economic development. The change in approach was based on an assessment that the aid policy of the Eisenhower Administration was too narrowly focused on building military alliances in containment of Soviet military aggression, whereas the real threat was in the economic competition between the capitalist and communist systems for modernization of the Third World, including non-aligned countries like India and Indonesia.

This policy assessment drew on the analysis which I had done earlier on the objectives and methods of Soviet economic aid, and that we needed to meet that challenge head on. In this engagement the U.S. would mobilize its economic and technical resources, its food surpluses with Pl 480, and its youth in the Peace Corp. The thrust was to accelerate structural transformation of Third World economies for self-sustaining growth through the stimulus of large-scale economic assistance to meet critical shortages of investment capital, as well as shortages of food and other consumer goods. As an integral part of this approach the U.S. Government sought more burden-sharing by its Free World allies, and accompanying self-help commitments by developing country recipients.

Programming was to be on a country rather than sectoral basis and multi-year reciprocal commitments were to ensure improved performance for mutually agreed reforms. This

called for a complete redirection of American aid, away from the narrow military security criteria that had been so strong in the John Foster Dulles period. It was a pretty exciting time.

Q: Was there a concept of development that we were trying to support as contrasted with the more political/economic strategies? Did we have a particular concept of how development should take place?

WILLIAMS: It was certainly to open the way for our system of private enterprise investment, although we were convinced that at least initially public capital assistance, and related technical assistance, were critically important. .

Q: Rostow's stages of growth?

WILLIAMS: Yes, but in order to jump-start self sustaining growth you needed to release the constraint on domestic capital resource mobilizations, as well as the foreign exchange constraints. This was the double gap analysis. And you needed to encourage country program planning specifically directed to capital investment while meeting essential consumer needs. This meant recipient country commitments to accept these priorities. Meeting peoples' needs in health and education and food was always explicit in our technical assistance programs, but they would be more effectively met with sustained economic development. The transfer of American know-how didn't achieve your objective without a reorientation of developing country priorities backed by capital investment.

Q: More emphasis on the economic growth?

WILLIAMS: That certainly. The redirected aid approach also emphasized multi-year programming and commitments so that developing countries could improve their performance. And we were going to combine resources - food, capital assistance, technical assistance - in an integrated approach focused on country programs.

Q: This was the time of the long range assistance strategy, I believe. Was there one in the area you were working with? Did you have such a strategy?

WILLIAMS: It was my task as program officer for the Near East and South Asia to demonstrate the application of these criteria in an effort to reorient each of the programs in our region, both by communications to our field missions and for the Congressional presentation.

In a real sense, the new aid program approach of the Kennedy Administration was well suited to the requirements of accelerating development by India, with prospects for major resources in multi-year commitments related to country planning. It was even said that the Kennedy program was more oriented to India than any other country. There was something in that because there was certainly a high interest in supporting democratic India and Chester Bowles as ambassador to India was effective in making that case.

There were other countries where the criteria didn't seem to apply very well at all, such as Afghanistan. However, that didn't stop Henry Bryoade, our ambassador in Kabul, from claiming large- scale multi-year aid commitments on behalf of Afghanistan. So there was a lot of tension concerning the programming criteria and their application to specific countries.

Q: Tunisia was one of the countries that did, I believe?

WILLIAMS: Yes, Tunisia clearly met the development and self-help criteria. But we managed to terminate our aid programs in Greece and Lebanon over the opposition of the State Department. These countries were doing reasonably well economically at that time, and the new criteria was to allocate aid for development rather than short-term political objectives.

Q: What were the organizational dimensions and reasoning behind them? You did mention that a little bit but... MSA was very functional.

WILLIAMS: In the reorganization, the functional technical divisions were broken up and their personnel assigned to the regional bureaus. AID was a completely new agency and the programming concepts meant that you would take a broader economic approach. Each region had a complete complement of technical and programming staffs, Africa, Latin America, the Far East as well as NESA. If you were going to encourage integrated country programs you had to integrate the available aid instruments.

Q: What about the Development Loan Fund?

WILLIAMS: Similarly the staff of the Development Loan Fund were fully integrated into the individual AID regional bureaus. So it was a total reorganization and a total change in the manner in which the new AID agency would function.

Q: You still had a strong private sector orientation?

WILLIAMS: Yes, the private sector was always there, both in our ideology and programming efforts. The AID reorganization included a Private Sector Bureau which worked closely with each of the regional bureaus as well as with the Export-Import Bank and the International Finance Corporation of the World Bank. It was a pretty exciting time to be a program director: big resources, major program staffs, and integrated country programming. You felt it was possible to make a difference.

Of course, it was a real job to reorient each of our country programs to the new programming approach. NESA was a major region with many countries and substantial increases in aid were being recommended to the Congress. I remember working all night to meet the deadline for getting these country program in reasonable shape for the

Congressional Presentation. In the morning when my staff arrived for work they found me fast asleep at my desk.

Q: Did you have much problem with the State Department in this transition process? Did you find it resistant or influence dominated?

WILLIAMS: No, not initially at least, since it was clearly the President's decision. Problems would come later in specific country cases. The AID Assistant Administrators were set up with parallel authority to the regional Assistant Secretaries in State. Secretary of State Dean Rusk was fully behind the new AID approach. You were meant to get along; and if there were disagreements between State and AID, the issue in question would go to the Secretary.

Q: So the relationship with the State Department was not integrated. It was still a separate agency?

WILLIAMS: AID was close to State in policy orientation, as Bill Gaud use to put it “AID followed the flag.” But were not integrated with State in the organizational sense.

That was my Washington experience during that transitional year. Then I returned to Iran for a second tour.

Return to Iran as Deputy Mission Director, 1961-1963

WILLIAMS: Iran was still politically a high priority country for the United States. President Kennedy had set up a Task Force specifically to review our policy toward Iran; as a member of the Task Force I made a number of recommendations. As a result I was sent back as deputy director of the USAID Mission.

Q: I see. Who were you working for at that time? Who was the mission director?

WILLIAMS: Harry Brenn was still there but he was at the end of his tour. Robert Macy, who had been head of the Budget Bureau, was scheduled to become Mission Director.

I found myself back in Iran with a good deal more authority than I had the first time around; it was more urgent than ever to reshape the program according to the new criteria - not entirely easy with such a large technical mission deeply embedded in on-going activities and unfinished projects.

Nevertheless, I began to reshape the technical assistance projects, sorting out which we would write off and which we would make a major effort to integrate into the Iranian Government, given their substantial oil revenues. It was essentially sectoral reprogramming since we were not going to put capital assistance into Iran. The objective was to scale back the Mission, lower its profile of involvement in the Iranian Government structure, and focus on fewer clear priorities.

Q: Did you make some decisions about the Master Joint Fund at that point?

WILLIAMS: We terminated it as we sought to reduce our operational involvement. There was a lot of sorting out with the Iranian Government, pressing them to take over important projects in the social sector, terminating others, and bringing down the size of the technical mission substantially. It did not make me popular, but finally I had the authority and experience to do what I believed needed to be done.

Q: What were you trying to do apart from bringing down the size? What was the developmental orientation you were trying to bring about?

WILLIAMS: The capital development was now with the Plan Organization so we were working very closely with them. The political priority was to integrate the populist elements of the USAID program into the Iranian government in what we jointly agreed was “the Shah's white revolution.” The white revolution involved stepping up the distribution of crown lands, dealing with rural development in a more populist way, getting to the smaller

farmers and peasants, and improving their access to health clinics and the educational programs. Basically the thrust was the white revolution were the populist elements of the U.S. program integrated into the Iranian agencies.

Q: Was there a lot of emphasis on decentralization and the decentralized programs?

WILLIAMS: No, there was no opening for it. So we stayed with the priorities I just stated.

Q: Did you still have the regional offices?

WILLIAMS: Yes, because they were completing projects that needed to be completed. While their operations were cut back, we kept the structure of the regional offices to get the kind of turnaround we wanted in the program.

Vice President Johnson came to visit the aid mission in Iran. That was one of the high points. He cabled ahead of his arrival that he wanted to see villages before development had touched them, and after they had been improved by aid programs, so that he could see what progress was being made in the rural development. I went to the Minister of Agriculture, whom we worked with closely, and told him of this requirement. He replied “I can't show your Vice President areas that are totally undeveloped. I would lose my job if I did that.”

Vice President Johnson demonstrated to the Iranians a new style of political campaigning, by mingling with the crowd and shaking many hands. The security people were not too pleased with that, but it was very effective and popular. If you ever encountered LBJ personally, you could feel his magnetic presence when he shook your hand.

Q: What were his comments about some of the things he saw?

WILLIAMS: He realized immediately that the villages he visited were not what he had asked for; too much white wash, potted plants, and ceremony. He didn't spend much time with that.

Q: Did he make any comments about the program generally?

WILLIAMS: Iran was a high priority for the U.S. and his interest was on the political side, commenting favorably on the Shah's white revolution and the importance of building popular support. There was an Iranian election coming up and LBJ's style of reaching out to people was much admired. Iranians spoke of “electioneering LBJ style”. Iranian politicians took to waving to crowds and shaking hands; for awhile it was something of a cult.

We supported a change of prime ministers and there was a liberalizing influence at that time for the Shah's government, with land distribution, and more emphasis on development through the Plan Organization. And the emphasis on a white revolution had brought aid priorities to the fore.

Q: What happened to the public administration program? Was that continued?

WILLIAMS: It was cut back dramatically as a result of our assessment of which programs had taken hold and which hadn't.

Q: What would you say was taking hold? Which ones were making some impact?

WILLIAMS: Clearly those that were identified with the Shah's white revolution, particularly in public health and education.

The mission's public safety program also assumed importance since there were security problems in Tehran with sporadic mob demonstrations against the Shah. It was an uneasy political situation. In an earlier period the American aid office in Tehran had been wrecked

by mob action. Consequently, contacts between the American public safety division with the Iranian security forces were maintained. There were periodic alerts for American families and school children to stay out of the central city. In one instance a mob was moving on the American school and a force was dispatched to evacuate the children. These were trying times.

Q: But there was a ferment evolving in the country which manifested itself later.

WILLIAMS: There was a ferment developing in the country. The Shah was not popular despite our efforts with the white revolution, and the political and security situation watenuous. But, serious manifestation of this did not emerge until much later.

Q: Were we providing balance of payments aid or PL 480 assistance?

WILLIAMS: We were providing PL 480 but not balance of payments assistance. Our military assistance was still a factor with the Shah. And a new approach was to engage the Iranian military in development projects. As part of the white revolution, military personnel, mostly young recruits, were sent to villages to teach literacy. The Shah fully backed the literacy campaign, but it is difficult to know its effect. At any rate, it was an effort to popularize the Shah and his army.

Q: Were there a lot of institutions that you helped create at that time?

WILLIAMS: It was a period of consolidation, of turning facilities and programs over to the Iranians.

Q: You mentioned agricultural colleges?

WILLIAMS: Yes, there had been important aid contributions to an agricultural college and an agricultural bank, as well as health clinics and hospital facilities. These were initiatives which continued to serve Iran well.

Q: Any of the institutions that were particularly strong and lasting?

WILLIAMS: We completed the many projects begun, strengthened some projects institutionally, and progressively integrated them into Iranian institutions. This constituted reasonable progress.

When you ask about “lasting” institutions, you seek a perspective that extends beyond my time, for I left Iran in 1963. The aid program had equipped schools, clinics and other facilities, but real strength and continuity depended on the quality and numbers of local personnel trained. It is here that we made our most important contribution, particularly in health, agriculture, education and perhaps public administration.

Q: Did you have a sense of communist threat to the country from outside?

WILLIAMS: There was said to be a communist party; it never seemed very strong. It seemed to me that the real threat was from the younger people who were educated, nationalist and who found the Shah's form of autocratic government objectionable.

There was a tendency to continue to see communism as a threat in Iran. Under the earlier containment policy, Iran had been encouraged to join CENTO and U.S. policy had done a lot to link Iran, Pakistan and Turkey militarily. Decisions were still made on political criteria, despite the development emphasis fostered by AID. One example was the CENTO railroad to link Turkey and Iran, a project which the State Department pressed entirely on political grounds despite its poor economic rationale. State officers persuaded Secretary Dean Rusk to override the AID objections and AID funded the CENTO railroad.

Q: It was built?

WILLIAMS: It was built. I don't think it was ever meaningful in economic terms. But it was built on security grounds that I didn't think made much sense. Assistant Administrator Bill Gaud and I unsuccessfully opposed it.

Q: How long were you in Iran?

WILLIAMS: I was in Iran from 1958 to 1960 and from 1961 to 1963. The year in between I was in Washington as NESA program officer during the redirection of the aid program. In 1963, I went to Pakistan.

In summing up on Iran, I had made a reputation, in part, by recording my opposition to the U.S. policy of placing so much emphasis and resources on the Shah's ambitions for a large military establishment. That became the view of the Kennedy Administration.

Q: Why did you say we shouldn't be building up the Shah militarily? What was your reasoning for that?

WILLIAMS: An awful lot of resources were wasted on a military establishment that didn't have much purpose. Iran had tremendous human and economic potential which could have been realized. The combined economic programs of the Plan Organization and the USAID sponsored program in health, education, agriculture and rural development had tremendous approval from the Iranian people and could have stabilized the country if they had received appropriate support. For a time it looked promising, but the Shah essentially gutted the development effort in favor of continued rearmament and related heavy industry.

The Shah believed he was divine, “the king of kings, the light of the world”, these were his formal titles. Few people could influence such divinity. The American Ambassador, Julius Holmes, had a sense of what it took to influence the Shah, and to maintain a balanced supporting programs. Unfortunately, later U.S. ambassadors and administrations found it easier to pander to the Shah's military ambitions.

Q: This was because of Iran bordered on the Soviet Union?

WILLIAMS: No Iranian army was going to withstand a Soviet invasion, which in any case was unlikely. No purpose was served in overemphasizing arms at the expense of development.

An Iranian I admired was Abol Hassan Ebtehaj, the head of the Plan Organization. Ebtehaj objected strenuously when the Shah reduced the funds available to the Plan Organization in favor of the military establishment. That took courage; Ebtehaj was jailed for his efforts.

When I first met Eptahaj, he asked about my background. I said I had studied at the University of Chicago and was a development economist. He observed “How fortunate your country was to have developed before there were development economists.” He was not only a man of principle but also of wit and humor.

Assignment as USAID Mission Director in Pakistan, 1963-1967

After Iran, I was assigned as deputy and later director of the AID Mission in Pakistan, which was a very different proposition from Iran. The Government of Pakistan had a strong administrative structure which before partition from India had been part of the British-India Civil Service. While employing few in numbers, the British-India service was regarded as the steel frame which held together a diverse and complex subcontinent. Similarly, the Pakistan Civil Service was the steel frame which administered Pakistan. It's officers were few but they manned the senior posts and were highly competent, although below that top level there was limited professionalism.

Pakistan was governed by an authoritarian regime headed by General Ayub Khan. As president of the country he placed a high priority on economic development, having frozen the military budget and directed increased revenues for development. Pakistan was not only a member of the U.S. sponsored CENTO alliance - having received substantial U.S. armaments - but it clearly met the new aid criteria of the Kennedy Administration: a

priority for development, clear goals and domestic mobilization of resources for economic development.

Again I found myself working in a major aid mission with large technical staffs, both American and local. The reorganized AID integrated a capital loan fund and an enlarged PL 480 Food for Peace program, along with technical assistance, and had authority to commit these resources on a multi-year basis in support of sound development plans and assurance of reforms for effective performance. The Mission was staffed not only with technical advisors, but also with economists, loan officers and legal talent, providing a complete capability to approve and process loans within the AID Mission to Pakistan. There was a large measure of operational autonomy delegated to the field. It was an exciting time for development.

Q: I remember, it was the real key to AID activity and mission.

WILLIAMS: President Ayub Khan's finance minister was Mohammed Shoaib who was dedicated to development. He would later become Senior Vice President of the World Bank. Shoaib, a close confidante of President Ayub Khan, was the guiding spirit at the center of the Pakistan Government's economic programs. A Five Year Plan had been formulated with the assistance of the Harvard Advisory Group, headed by Dave Bell who had become Administrator of AID. The Pakistan Plan was considered a textbook model of development planning.

We were a favored AID Mission administering a high level of assistance and staffed with some of the best talent AID could muster. U.S. economic assistance to Pakistan in 1964-65 totaled some $400 million annually, including technical assistance, development loans and food aid.

Q: Was there any commodity aid in dollars in addition to the PL 480?

WILLIAMS: A substantial part of the program was for commodity program assistance. And it was program assistance which provided an important bargaining tool for encouraging and supporting reforms, a process we called “performance bargaining.” The integrated development loan fund provided for both commodity and project assistance. The substantial PL 480 commodity assistance was repayable in local currency which provided flexible budget support for aid financed projects.

Q: Did you have other instruments?

WILLIAMS: You used every instrument that could be brought to bear.

A consortium of aid donors provided total resources approaching $600,000,000 a year. The World Bank was heavily engaged both in pre-investment studies and project financing. A Harvard Advisory Team was integrated into the planning units of the central ministries. The United Nations had a number of sectoral advisors. And the large AID Mission in Karachi, with provincial offices in Lahore and Dacca, encompassed most of the skills necessary to carry out a combined development assistance effort. It was a major responsibility.

Pakistan was a country in two parts separated by a thousand miles across India — West and East Pakistan. They shared a common religion but were otherwise totally different in culture, ethnic character, climate and geography; in a sense they were two countries and have since become two countries. The varied conditions, East and West, posed quite different development potentials and a unique range of issues and problems. Within a central political and financial frame, there was a good deal of administrative autonomy in each of the provinces and their respective governors were authentic political leaders.

A principal thrust of the aid program was the building and staffing of institutions of higher learning. The PL 480 counterpart in rupees was jointly programmed for buildings and equipment. The new institutions included teacher training colleges in Karachi and Dacca,

agricultural universities in Lyallpur and Mymensingh, an administrative staff college in Lahore and a rural development training center in Peshawar. Each of these were staffed by American university contract teams while the newly recruited Pakistani faculty were being educated in the partner U.S. universities. Additionally, a large participant training program provided courses for hundreds of Pakistanis in the United States.

Education assistance was among our most important contributions to Pakistan's future. The programs were well conceived and administered. The only real problem was to assure that the selection process for participant training was based on merit rather than favoritism.

As in Iran, USAID mounted a substantial public administration program. In retrospect, I believe the American aid approach to public administration was overly rigid in assuming that American administrative doctrine and practices were the gospel. The British administrative tradition was more flexible and in some respects may have been better adapted to conditions in Pakistan. American technicians were often less flexible and sensitive than they might have been in adapting American methods to local circumstances. This was true for other technical fields as well. We believed the “know-how” derived from American experience had universal validity, and we were there to instruct these poor countries. That was a weakness of our technical assistance program. At the time I too was imbued with the belief that we knew the answers; our adaptation to cultural differences was not what it should have been.

Water management and its application to agriculture were major concerns for Pakistan's development. In the political separation between India and Pakistan there was a division of waters of the tributary rivers of the Indus plain. British-India had developed a large integrated system of gravitational irrigation extending for hundreds of miles. Its division meant extensive engineering and investment in several large dams and water channels. This investment was led by the World Bank with the support of a donor consortium, which included USAID.

There were a number of issues concerning further aid for extension of the irrigation system by an additional major dam at Tarbela, and upgrading of the existing irrigation system which was plagued by water leakage and loss of productive land from water logging and salinity. AID funded a major study in regional water development and management, along with related agricultural land use. This led to a sequence of technical and capital investment projects. Additional to up-grading water channels, we financed large area projects for deep tube wells for control of water availability and for selective reclamation drainage. Tube well development supplemented the gravitational irrigation system and greatly increased the productive land area.

Water management and investment was also critical to development in East Pakistan. Its low-lying delta was subject to alternate severe flooding and dry seasons, as well as salt water incursions from the Sea of Bengal. Here the USAID program involved measures to alleviate flooding, extensive use of low-lift river pumps to expand agricultural output in the dry season, and the building of “polders” to enclose areas against sea water incursion - much as the Dutch had done in Holland.

The US AID program also emphasized participation by village farmers to improve agricultural practices, and support village level schools and clinics. The effort was to stimulate local self-help and demand for supporting services, while pressing various public extension services to be more responsive to local needs. The progress in participatory community development - supported by both the Ford Foundation and AID - was notable in East Pakistan and was widely publicized in the international development community.

The Green Revolution made possible a quantum jump in food grain production, providing farmers could combine the higher yielding seeds (initially wheat and later rice) with appropriate application of water and chemical fertilizer. With the progress in water management, fertilizer supply was the critical constraint for Pakistan in taking advantage of

the Green Revolution. Addressing this problem would involve reform of Pakistan's fertilizer distribution policies.

The Government was not accustomed to investing in fertilizer for production of food grains, and when I proposed to including fertilizer in the U.S. financed commodity loan Finance Minister Shoaib initially refused, saying “Why should we when we can get the grain we need from PL 480 imports?”.

I replied, “Yes but that's won't last forever, Mr. Minister, and you've got to build your own capability for producing the food you need”. Finally he agreed, “All right, Maury, I know you have a reputation to make in Washington. As a favor to you, we'll include fertilizer imports.”

Minister Shoaib was not entirely convinced that it was sound economics to substitute dollar repayable fertilizer imports - even on concessionary terms - for local currency repayable wheat. However, the issue was one of applying foreign aid to build self-reliance rather than encouraging over-dependence. Consequently I continued to urge the importance of fertilizer in speeches throughout the country with the slogan that “fertilizer is development.”

That put the Mission in the fertilizer business, in the sense that we would seek to reform Pakistan's distribution system for agricultural farm supplies. We began financing fertilizer under our commodity import program, but it had to be readily available and reach farmers on time for effective application. Pakistan's distribution system was shot through with inefficiency and favoritism.

Q: This was a government distribution system?

WILLIAMS: Yes, there was strong opposition to placing the distribution of fertilizer in the private sector, so we worked at improving the government's procurement and distribution practices.

Reform to improve efficiency in the use of aid and in Pakistan's overall development was an integral part of the AID program. In annual reviews with Pakistan officials we would identify a reform agenda, focusing on issues where improved performance was important to aid effectiveness. We called this process “performance bargaining.” Change was possible but you could not overload the circuit; I had learned early at the Civil Service Commission in Chicago, that “you could make a certain amount of progress but not too much initially.”

One area of concern was reform of the procedures by which water was administered in Pakistan. Our point of entry was the substantial aid we were providing for water management projects, particularly in tube well development in West Pakistan and river pumps and water control embankments in East Pakistan. This meant negotiating with the Water and Power Development Authority (WAPDA) in each of the provinces. While Pakistan's senior civil servants were competent, and some quite talented, the middle levels of their administration were often overly rigid and slow to change what were cumbersome bureaucratic systems. The need was for much more effective implementation of development projects, particularly where major capital investments were involved. Often broad economic policy issues were involved. For example, AID financing of a thermo-electric power plant in Karachi and a project for exploitation of natural gas raised the question of energy pricing and the extent of public subsidy.

We were bargaining for improved performance at every step of the way. However, reform of major economic policies involves negotiation on the level and composition of program commodity assistance which provided the best opening. AIDs experience with performance bargaining for policy reform in the 1960s, particularly in Pakistan and India, would later become the model for World Bank “policy based lending” in the 1980s.

Q: Could you elaborate a little bit on performance bargaining and what it consisted of?

WILLIAMS: The AID doctrine of the 1960s was that large-scale aid would relieve the constraint of capital investment — with food aid as an essential wage good — and yield accelerated economic growth. If the “take off” for growth and investment was to be sustained, however, it was essential that there be an accompanying internal mobilization effort and, most important, that the large aid not substitute for or be a disincentive to a recipient country's internal efforts. This was the rationale for performance bargaining.

Relating economic assistance levels to performance involved important questions of timing in relation to the balance between incentives and disincentives. Logically, the time to reach understanding over reform policies was before major commitments of economic assistance. There was an alternate view, favored by the AID Mission in India, that high levels of aid provided an essential early incentive to change traditional attitudes, which in turn would lead to policy reforms for accelerated economic growth.

My view was that performance bargaining had to be on the agenda of the country aid mission before and during provision of high aid levels. And there was a critical future timing issue when it would be important to begin cutting back the aid level relative to internal resource efforts and incentives. Understandably, there was a great deal of imprecision in the application of performance bargaining, depending on country circumstances and the context of U.S. foreign policy.

Q: Did this involve a lot of conditionality and covenants and all of those types of things that we talked about as it related to aid?

WILLIAMS: For capital loan projects it was usual to apply conditions precedent. However, we did not think in terms of conditionality as proposals to be imposed. Rather, we sought to build specific understanding for reforms by back-up studies and intensive discussions with Pakistan officials and the Harvard Advisory team. It was an in-country review process by people who knew Pakistan on the ground and who sought workable solutions; that

was the comparative advantage of AID in the 1960s over later conditionality applied by Washington-based donor agencies.

Q: Was there a lot of resistance on the government's part or were they more or less party to it?

WILLIAMS: There was often resistance to change in the middle level of the bureaucracy. They were used to doing things in a very administratively controlled way, and change could be threatening to the sense of bureaucratic stability. It could also threaten patronage and the corruption involved in administrative controls. Implementation was often tough going. Progress was possible with the support of senior leadership; and we had the resources to help reduce the risks of reforms.

One of the most notable reforms we achieved in cooperation with the government was to liberalize the import regime. It was government controlled through import licenses and there was a lot of inefficiency and corruption in it. Import licenses were worth money and they were often traded as political favors.

In negotiations AID agreed to provide substantial additional program commodity import assistance as imports were shifted to an import license auction system and domestic agricultural price controls were lifted. PL 480 food imports would stabilize prices for consumers even as farmers gained incentives for increased production. And Pakistan was able to expand imports of essential raw materials in a market allocation system through auction of available foreign exchange. This not only reduced corruption but provided essential raw materials to the private sector. We provided several hundred million dollars of program loan support for that purpose.

It was a fairly significant reform, and we got a lot of credit in Washington from the development and academic communities. I mention the academic community because AID at that time drew heavily on the professional advice of academicians. I was called to Washington periodically for a review of the aid program to Pakistan, and Dave Bell as

AID Administrator would be flanked by professors like Ed Mason, Gus Ranis and Hollis Chenery as principal advisors. Chenery at the time was at Harvard University, and would later become an AID Assistant Administrator for Policy and Program.

Q: Some of the greats of the development era.

WILLIAMS: Some of the greats who had made real contribution to development. And they were impressed with our progress in liberalizing the import regime as a support for private sector development. A freer import system favored industrial entrepreneurs who were emerging from the merchant class. We even did some initial planning for a stock market to help mobilize private capital.

Q: Was there much of a private sector then?

WILLIAMS: There were a number of wealthy families in Pakistan and a manufacturing sector developed initially in the processing of agricultural products, including cotton and jute textiles, as well as import substitution of consumer goods. An entrepreneurial class of talented merchants had migrated from Bombay and there was investment in many small machine and metal working shops as well as commercial ventures in banking and construction in the major cities. Manufacturing from an initial low level base was increasing at the rate of 15-20 per cent annually. A major constraint was raw material imports. So there was the potential for a vigorous private sector which needed encouragement and support. And commercial interests in private sector development had a major advocate in Minister of Finance Shoaib.

Another interesting development was a dam at Tarbela which would provide additional control and capacity for the water of Indus River. It was important for the agricultural development of West Pakistan, a big project requiring at least a billion dollars for its construction. The Pakistan Government had lined up World Bank support and the interest of a number of other donors, but needed to secure commitment of an additional $40 million. Completing the funding for Tarbela was a priority to which President Ayub

Khan frequently referred. AID did not have that amount available. We had made major commitments for tube wells and low lift pumps, several capital projects for energy development, as well as large program assistance for the market-oriented import program.

While on consultation in Washington, I accompanied Assistant Administrator Bill Gaud to see if we could persuade Harold Linder, President of the EX-IM Bank, to provide the capping funds for the Tarbela Dam. With American assistance assured, all the other donor funding would come forward and the billion dollar Tarbela project could go forward. I had known Linder from my early assignment in the Economic Bureau at State when I attended his staff meetings. Linder agreed to bend the EX-IM Bank's funding criteria in favor of moving the large Tarbela project. That was an achievement.

In 1963 the Pakistan Mission in Pakistan received an outstanding performance award from AID. It was an award to the entire Mission from Dave Bell as Administrator, and one that pleased us immensely.

In the ensuing period, there were increasing tensions between Pakistan and India, tensions which greatly complicated U.S. policy in the region. Pakistan as a member of CENTO had received substantial military assistance from the United States. India as a non-aligned country had received arms from the Soviet Union. President Kennedy's Administration had shifted aid policy from military security to large-scale economic development assistance for both India and Pakistan. Now, however, the Soviet Union was stepping-up the level of its aid to India in both armaments and industrial plants, and the U.S. was increasingly sympathetic to shaping the aid program to India as a counter to Soviet influence, both in terms of industrial plants and even selective military assistance.

In the view of the Pakistan Government these developments threatened to upset the military balance in the subcontinent. Pakistan sought U.S. aid for advanced armaments and a steel plant to match what the Soviet were providing India; however the Kennedy Administration was not prepared to meet these requests. Underlying the increasing

tensions in the subcontinent was the unresolved Kashmir dispute between Pakistan and India.

After my first year with the Mission in Pakistan, I took “rest and recuperation leave” (R&R) in Kashmir, rather than in Hong Kong or Beirut which was normal Mission practice. However, I insisted on combining a splendid family holiday with familiarization of Kashmir and Nepal. We traveled in Kashmir, rented a house boat in Srinagar, did some pony trekking, and gained some impressions of the country.

Q: What was your impression of the issues at that time? What was your sense of the difficulty?

WILLIAMS: Kashmir is a beautiful area with rich potential, in terms of tourism and the craft skills of its people. It has the reputation of the fairest women of the subcontinent. One farmer said to me, “Our land is fertile, we have water, and our women are fair; yet we are poor.” Their potential in land and water was underdeveloped. My political assessment of the Kashmiris was that while Moslem, they were not as militant about being part of Pakistan as were Pakistan's ruling groups - for whom the issue was emotionally non-negotiable.

During 1964 tensions increased in West Pakistan over the perceived shifting military balance in favor of India, with spillover effects on U.S.-Pakistan relations. Under the lead of the new Foreign Minister, Zulfikar Ali Bhutto, the Pakistan Government pursued close relations with Communist China in a non-aggression pact which, in the view of President Lyndon Johnson, undermined Pakistan's obligations to the U.S. under CENTO and SEATO.

In this period Minister Bhutto gained influence over President Ayub Khan, and Bhutto promoted a pro-China policy. Bhutto was like a son to Ayub Khan, the son Ayub Khan wished he had fathered, it was said.

While the U.S. Government accepted India's non-alignment in the Cold War, it found the new posture of non-alignment by Pakistan totally unacceptable. President Johnson found particularly irritating Pakistan's criticism of U.S. military engagement in Vietnam.

In early 1965 U.S. Ambassador to Pakistan, Walter McConaughy, was instructed to convey this message to President Ayub Khan. In order to underline the seriousness with which the U.S. viewed the matter, our Ambassador was further instructed to inform President Ayub that pending satisfactory assurances, the U.S. was suspending its economic assistance to Pakistan and postponing that year's scheduled meeting of the World Bank led-donor consortium for Pakistan.

Ambassador McConaughy conveyed the content of this instruction from Washington at a hastily called meeting of his country team. As director of the USAID Mission, at that time, it was a shocking proposal and I argued strongly against delivery of the message without first appealing to Washington for reconsideration. Far from achieving the objective of influencing the Government of Pakistan to our way of thinking about China, I argued that such an ultimatum risked having the opposite effect. The successful American aid program constituted important leverage in support of our foreign policy objectives but the best way to use it, I maintained, was by nuance conditionality and further joint discussion with President Ayub to reach a mutual understanding. I proposed that the Ambassador request reconsideration of the instruction and offer to go to Washington to review how best to proceed.

Deliberation by the Ambassador with his country team advisors was lengthy. In the end he decided to deliver the message as instructed forthwith.

I was deeply disappointed not to make the case for reconsideration; in my view it was politically the wrong thing to do. We were dealing with people of great national pride, and I was sure that applying a blunt instrument which said: “Either you do it our way or we'll

suspend aid" was going to adversely affect our ability to influence them. In my view, we in the field had a responsibility to at least point that out.

Walter McConaughy was an experienced diplomat. As a young foreign service officer, he had served in China with distinction. He had escaped the earlier McCarthy "witch hunt," and there weren't many old "China hands" in the State Department that had done so. Also, the ambassador may have known things that I didn't know. So my advice was overridden.

Q: This was essentially because of Pakistan's alignment with China.

WILLIAMS: Yes, Pakistan's military leaders believed that their security was gravely imperiled by the military build-up in India and viewed closer relation with China as an imperative. American policy at that time was to isolate China. Later, we would find it useful that Pakistan had normalized relations with China. The opening to China by the Nixon administration was with Pakistan's good offices. This was not that time and the China lobby in Washington was deeply offended by Pakistan's closer alignment with China. From the Pakistan perspective it was an attempt to maintain a regional balance with India.

After the Ambassador delivered the message, U.S. relations with the Pakistanis deteriorated sharply, to say the least. And our program of aid cooperation was at a standstill, although we sought to maintain our Pakistani contacts. Q: You were not able to continue anything. Everything came to a halt?

WILLIAMS: Technically, it was only new USAID commitments that were suspended. We did postpone the donor consortium meeting so most other new aid sources were held in abeyance. But, we didn't pull out and we didn't stop assistance activities already underway.However, the USAID Mission found it difficult to continue implementing the aid program in an atmosphere that was increasingly adverse, even hostile.

The Pakistan Government mounted a political campaign against the United States for using economic assistance as a political weapon, and Pakistan increasingly took the

posture of a non-aligned country internationally. The press played on sensitive national feelings of offense that we would suspend economic assistance when Pakistan met all of the development criteria in terms of effective use of aid.

There was a real deterioration in the environment in which we were trying to work. Minister Bhutto's influence in the government was increasingly strong; he was a talented politician and apparent leader of an anti-American faction. Our friends in the government were progressively isolated and all their meetings with Americans, on AID business or otherwise, were monitored by specially designated note takers who reported to a security service.

Finance Minister Shoaib was trying to keep things on a moderate keel, but he also lost influence. When I called on Shoaib, which I did regularly, we would have to walk in the garden away from his office to have a private conversation free from wire taps and note takers. His reports to me on the high anti-American orientation of government policy were progressively disturbing.

Illustrative of the surveillance, I recall a phone conversation from my residence in Karachi which was badly interrupted by static. While on the line I said, “I wish you people would be more efficient in tapping this phone. You're doing a bad job and messing up the line.” A week later, there was a Pakistani at my gate outside the house who wished to speak to me. He said,” Please, Mr. Williams, don't complain about the way we wiretap your phones. I have a wife and children, and I don't want to lose my job.”

Trying to discuss questions of development policy and aid performance under these circumstances was impossible and effectively the mission program came to a halt. Even keeping contact with our opposite numbers in the government was difficult, anti-American feeling was running high. Finally, I concluded that I needed a break to get away from the continuous frustration in official relations. I decided to take my family for another holiday in Kashmir.

Tensions were high between Pakistan and India, and we had to walk carrying our luggage across a closed border between Lahore and Amritsar. There I found that Air India had canceled flights to Kashmir so we proceeded to Kashmir in a hired taxi. En route northward we moved through convoys of a motorized Indian army division. The Indian troops were helpful, waving us through and even bodily carrying the small Indian taxi over an near impassable rock slide. Later in mountainous Gulmarg, a former British resort, I saw Indian troops take up defensive positions. Srinagar was strangely devoid of tourists and alive with rumors of impending hostilities, and while we were there, Pakistan troops disguised as Kashmiri guerrillas infiltrated to foment an uprising. But the Kashmiris did not respond, there was no uprising.

Q: But the Pakistani Government assumed that they would?

WILLIAMS: They assumed they would, but as I had observed in an earlier trip to Kashmir, the Kashmiris were not a militant or warrior people. After my return to Pakistan, the 1965 Indo-Pak war broke out and it was clear that Pakistan had miscalculated. Not only had the infiltration of Kashmir failed, but Indian armed forces were in a full-scale attack on Lahore. The Pakistan miscalculation was due to an earlier border clash in the south when an Indian army division broke in disorderly retreat, leading the Pakistan military to assume a seven to one dominance in fighting valor over Indian troops which was wrong.

Meanwhile, Ambassador McConaughy asked me to join him in Rawalpindi for calls on senior government officials. President Ayub Kahn and much of his government were in Rawalpindi, although the new capital of Islamabad had not yet been built. The U.S. Embassy, AID Mission and our families were still in Karachi.

During the night the Indian air force attacked Rawalpindi and I woke up thinking “The Germans are at it again.” In my subconscious I was back in one of the bombing raids on London during the Second World War. But I soon realized that this was an Indian attack on the near-by radio station in Rawalpindi. Outside my window was a 500 lb. bomb dropped

by the Indian air force which had not exploded. With the air war activity, the Ambassador and I were isolated from our respective staffs 700 miles to the south in Karachi. All non-military flights were suspended.

But there was a U.S. communication unit in Rawalpindi and I became the ambassador's chief assistant in efforts to gain a negotiated cease fire. For several days we worked around the clock with “flash” communications to Washington, London, New York, New Delhi. Flash designations meant of high national security concern. Accompanying the Ambassador in the several calls on President Ayub Khan, I observed that the black circles around Ayub's eyes were larger and larger. He wasn't getting much sleep in that tense situation.

Q: He was in Rawalpindi at the time?

WILLIAMS: Yes, Rawalpindi was Pakistan's military headquarters.

A cease fire was in Pakistan's interest for although General Yahya Khan had won a major tank battle on the road to Kashmir, Pakistan's defense of Lahore was failing. The difficulty that Ayub Khan perceived in accepting a cease fire was that it would appear traitorous since the Pakistan people had been assured they were winning Kashmir. He expressed fear of a civil uprising.

The military situation forced Ayub Khan finally to accept a cease fire brokered at the U.N. Security Council in New York. An insight into the degree of isolation of President Ayub Khan was the incident of the barber shop. Not having slept for two nights I went to a barber shop for a shave, and there heard President Ayub Khan's radio announcement of the cease fire. There was a group of almost 50 Pakistan civilians gathered around that radio; they heard the announcement quietly and without comment. Fear of an internal uprising didn't seem realistic from the way this group took the news.

Ambassador McConaughy found my report interesting enough to suggest, “I want you to tell the President what you heard in the barber shop.” Getting the Ayub Khan on the phone, Walter McConaughy said “Mr. President, I want you to speak to Maury Williams. He heard your announcement in the barbershop with an assembled group of Pakistani people. You will find his report quite interesting.” I related my report to Ayub Khan who seemed pleased. While we were talking, an operator broke in to say that President Johnson wished to speak to President Ayub Khan. President Johnson's call was to commend Ayub on the cease-fire and to assure him of American friendship and support.

I don't think the AID Mission ever fully gained the momentum that it had before the suspension of aid and the 1965 war. We gradually began to piece the program back together, but it wasn't the same.

Q: Was the program restarted at some point? Was it while you were there?

WILLIAMS: For both Pakistan and India a year of new development assistance commitments were lost after the war. Support for high levels of aid for Pakistan and India were considerably more difficult to sustain with the U.S. Congress. Also dedication to development had eroded with the top political leadership in Pakistan. President Ayub was retired in favor of General Yahya Khan, and no longer were we assured that the military budget would be restrained in favor of development. It was tougher going all around.

Q: So both the move towards China and the infiltration of Kashmir sort of overrode the development priority, upset it, and the support for it.

WILLIAMS: That is true. I wish Ambassador McConaughy had appealed the aid suspension and encouraged a reassessment in Washington. Because the suspension played into the hands of the national extremists in Pakistan who convinced themselves and the leadership that they had nothing to lose from the U.S. in a military gamble with India over Kashmir. And Pakistan's opening of relations with China was mostly symbolic

in power terms. It was a time for restraint in U.S. relations with Pakistan, as the U.S. found itself competing with Soviet influence in India. Balancing our relations with these two countries was always sensitive.

Q: How would you characterize what was accomplished in that period in a sense of what was left or sustained after the '65 war?

WILLIAMS: The accomplishments were very real. Agricultural production had increased substantially in response to investment in water development - the aid financed tube wells in West Pakistan and low lift pumps in East Pakistan - along with improved fertilizer availability and high yield seed varieties, along with better prices for farm crops. The green revolution was real in Pakistan.

In cooperation with the Pakistanis, we continued to do a tremendous job in training people, in building educational institutions and helping to staff these institutions with Pakistanis trained in American universities.

As the government moved to Islamabad, I decided to move the central AID Mission office from Karachi to Lahore. In Islamabad, facilities were very limited. Also, I believed Islamabad was too isolated, entirely government officials, whereas in Lahore you could keep in touch with a broader range of public opinion, business interests, provincial leaders and there was less political tension. Normal relations could be pursued more readily at the provincial level.

In the period after the 1965 war, I focused more attention on development in East Pakistan. They had been largely unaffected by the political rivalries and fighting over Kashmir and their interest in working with us was undiminished. We had a large provincial office in Dacca and I spent more time there attempting to make up, in part, for the relative neglect of East Pakistan in the internal budgetary allocations of the central government.

East Pakistan is a very difficult development proposition, a greatly overpopulated rural economy with extreme poverty. The AID program focused on agriculture and community rural development, encouraging a generally participatory approach. The Mission made a film of the participatory approach, called “A Simple Cup of Tea.” The film demonstrated villagers discussing their needs and how they planned to meet them over a cup of tea.

At the same time, we encouraged the extension agents of the various provincial offices to engage more actively in support of village level projects. This was an early application of participatory development, which would later become doctrine in the development assistance community.

Although East Pakistan's foreign exchange earnings were fairly high from export of jute, most of it was allocated to West Pakistan. I attempted to reform that. However, the AID Mission's influence proved to be limited, particularly on that issue. Also, as I mentioned, the constraints on the military budget no longer applied after the 1965 war. Since that constraint had been at least a partial basis of our earlier large aid program, the level of AID assistance declined. And other donors were not quite as enthusiastic in their support of Pakistan's development.

Q: Did you sense, at that time, the beginnings of East Pakistan separating from the West?

WILLIAMS: No I did not. In Dacca I was dealing with senior officials, development planners trying to induce a greater priority for development. It was a weaker administration than in West Pakistan, and part of the problem for East Pakistan was that their programs weren't as well developed. But it seemed to be part of the excuse of the central Pakistan administration for their relative neglect in meeting development needs in the East. Our AID efforts were to develop the programs that would allow them to have a better claim on development resources.

I completed the move of the AID Mission to Lahore. Since the AID Mission had access to large counterpart funds in rupees, it was well able to command the facilities needed. Lahore is a beautiful city with an active community life and commercial economy. My family was pleased with Lahore, although I spent a lot of time traveling to Islamabad to maintain contact with the central government ministries.

Appointment by President Johnson as Assistant Administrator for Near East and South Asia-(NESA) 1967 - 1970

Soon after the move to Lahore, I got a telegram from the President Johnson which said. “I propose to nominate you to the Senate as Assistant Administrator for the Near East and South Asia. Indicate your concurrence.” That was a big surprise.

In March 1967 I was sworn into that position, and ten days later I appeared before House Committee on Foreign Affairs in defense of the Fiscal Year 1968 Program request for some $800 million for the NESA region. It was a difficult period for AID. Of course defending foreign assistance was always difficult, but I recall Bill Gaud, then AID Administrator, telling me that 1967 was the lowest level of U.S. foreign assistance appropriated up to that time. The assistance program launched by President Kennedy to support an all-out effort in economic development, by recipient countries and by the donors associated with us, was faltering. The spirit of the times had changed away from a strong focus on development to more security concerns.

The situation in Vietnam contributed to that change as foreign assistance was increasingly redirected to the war in Vietnam. As a result previously strong American support for foreign aid steadily eroded. AID made strenuous efforts to sustain the development focus of its programs. We soldiered on with the program, by that I mean we defended it as well as we could with the public — in speeches to business groups and with the Congress. We attempted to stay the course. But it was increasingly a rear guard action as public support receded and the program sustained sharp cuts by the Congress.

It is interesting to recall that the development focus of President Kennedy's economic assistance program, with its emphasis on policy reform and performance by developing countries, would return 20 years later, in the early 1980s, under the leadership of the World Bank.

Q: Why? What do you mean by that?

WILLIAMS: In the 1980s there would be a return to the earlier emphasis on the policy framework, on structural adjustment and the reforms needed for more effective use of resources, as well as associating donors in the application of program assistance to achieve agreed objectives. These were the things we were doing in the AID program of the 1960s, and which the World Bank turned to in the 1980s. Ernie Stern, who was program officer in India during the Kennedy administration, had become Senior Vice President of the World Bank in the 1980s. He introduced these policy concepts and they became the hallmark of the Bank program in the '80s.

From the standpoint of my new responsibilities as NESA Administrator, India, Pakistan and Turkey were among the seven most important AID programs. Others were the major Alliance for Progress countries — Brazil, Chile, Colombia — and in East Asia, South Korea.

American aid had laid the foundation for more accelerated development in these countries and the task now was to realize the benefits of these efforts. And the Green Revolution was just coming to fruition. The application of new seed varieties combined with appropriate use of fertilizer and water provided a substantial boost to agricultural production and development generally.

India, with half the population of the non-Communist developing world, was the centerpiece of the new AID approach. Some said that the development assistance policy of the Kennedy Administration had been fashioned by Max Millikan, Walt Rostow and

Chester Bowles primarily with India in view. India's development was believed to be of strategic importance to the United States in the competition with Chinese communism. As the two large countries of Asia with competing economic systems — communist China and democratic India with a more free market — there was a sense that the future orientation of Asia depended on the outcome of this competition. And a large number of other donors shared this assessment of India's importance.

So India was the centerpiece of my attention as Assistant Administrator. Also there was concern that the Indian economy was faltering badly after two successive years of monsoon failure and drought. That affected the whole economy, not only in agricultural production but loss of hydro-generated power on which industry depended. The prospect for revival of India's economy was good, however, especially with the prospect of good rains and the Green Revolution potential. What was needed additionally was to maintain a high level of development assistance.

However, India was a difficult case politically in the United States. Its history of non-alignment in the Cold War and British-type Fabian socialism caused an ideological divide, politically, between American conservatives and liberals. As a non-aligned country India had not met the security criteria of the Eisenhower/Dulles administration. And India had received large scale military assistance from the Soviet Union while maintaining an independent non-aligned status. Consequently, many American conservatives didn't feel any affinity for India; nor could they understand the administration's position.

In the Congressional hearing that fall the appropriations process zeroed in on aid to India. As Assistant Administrator I faced continuous questioning day after day over several weeks, on details of the India program. It was a particularly tough process because Otto Passman, the chairman of the Appropriations Subcommittee, clearly disliked India. I was prepared to make a substantive case; we had a good program and the prospects were favorable. However, if I appeared to build a record in favor of aid, Passman would take me “off record”, charging that all these things had been said before and had never happened.

For every point I made, he would counter with three against aid. And so it went. Nothing in my background had prepared me for such an unfair confrontational process.

Q: Passman was a great one for challenging you on a lot of minutiae, how many vehicles., etc..

WILLIAMS: He would go off the record and say to me “You know those Indian bastards are never going to amount to anything.” Then back on record, Now Mr. Williams...”. I began to get more and more frustrated and tense. At one point Congressman Reigle of Michigan, who later became senator, passed me a note which said, “Keep calm, keep smiling, keep talking, you're doing all right.” I never forgot that bit of sound advice in this baptism of fire that I encountered in congressional hearings. The stakes were fairly high for at that time the subcommittee determined the appropriation level. As Bill Gaud said to me privately, “Passman is a real S.O.B. but he has tremendous power over aid appropriations.”

Q: Did Passman in the end damage the program for India? Did he have any real effect on the program?

WILLIAMS: In the end he didn't. He made a record for his constituency that aid to India was not good, but all the other programs were given a pass. He didn't even bother with hearings on Latin America and the other regions went sailing through with very perfunctory hearings. It might have been the result of a personal call to Passman from the President, but the India appropriation passed without damage. The outcome may have been influenced by the strategic emphasis of the administration on India as a stake in the competition with communism.

However, defense of aid to India over the next few years remained a difficult case to make to the U.S. Congress. At that time Gunnar Myrdal came out with a book on development which characterized India as among the “soft states”, states that would never get it all together because they weren't efficient. Quotes to that effect dogged my presentations to

the House Foreign Affairs Committee. And increasingly the Congressional focus shifted to the population issue.

Admittedly, if population growth couldn't be moderated, then development prospects would be dimmed. This point was repeatedly brought to the attention of the Congress by private groups, and India was in the forefront of their concerns. I had continually to answer to the Congress, “What are we doing about population? What are the Indians doing about population?” It was a critical point in my defense of the India aid program.

I made a number of visits to our field missions, I remember Ambassador Bowles saying, “Here comes Mr. Population again. He's going to lecture us on the population issue.” Ambassador Bowles also was concerned that it had become such a major factor in Congressional support for India. The South Asia office of the World Bank, led by Peter Cargill, was very supportive. His family had been Indian civil servants for four generations and he knew India well. The Swedes were also interested, and I was able to encourage a donor consortium meeting in Stockholm on India's population program.

Q: Was it led by the World Bank or who?

WILLIAMS: Donor consortium meetings are normally chaired by the World Bank. I convinced the Bank to hold a consortium meeting solely on population. And to demonstrate that we were serious, I pledged $20 million from the U.S. for various population activities.

Q: What was the reaction of the Indians to all this?

WILLIAMS: They came to Stockholm under protest. They were not pleased with this emphasis. I.G. Patel, who was finance secretary, and was handling their relations with the donors and the consortium felt this was undue external pressure. However, the Indians began to take population more seriously in their planning and the sterilization program

went forward much more dramatically. I was able to satisfy the U.S. Congress of this. India was taking a good deal of my time as a de facto country officer.

Q: Before you leave India, what was the program trying to do in terms of development? You mentioned the population, but what about other dimensions?

WILLIAMS: The droughts highlighted the need to improve agricultural production and distribution, and the Indian Government dramatically shifted its priorities to achieve self-sufficiency in food grains. This meant increased investment, both public and private, and massive application of fertilizer and improved seeds. Private capital for fertilizer production was encouraged and fertilizer imports were substantially expanded.

Also India, with donor encouragement, devalued its currency and liberalized import controls to allow increased imports of raw materials and spare parts needed to stimulate domestic production. These reforms — which paralleled our earlier experience with import liberalization in Pakistan — provided a sound basis for stepping up the level of commodity assistance. This was the major feature of the AID program in India. When the policy framework was right, you could pour in aid resources for commodity imports to increase substantially production in industry, fertilizer and for agriculture generally.

Q: Did you think that the policy framework was a good one?

WILLIAMS: We believed that with reform of the currency and import regime, and greater priority on agriculture and population planning, that the Indian Government was on the right track. They needed to improve their effectiveness in carrying out these program objectives, along with the external resources to move forward. We had a very strong AID Mission there. John Lewis was the mission director and cooperation with the Indian agencies was unusually good.

Q: We were providing a lot of PL 480 assistance at that time were we not? Helping to feed the population?

WILLIAMS: Tremendous. We viewed food assistance as essentially a “wage good” since increased development investment, and the increased wages that went with it, were mostly spent on food - which was an indication of the level of undernutrition in India. Our food aid made it possible to step up the level of investment in development projects, which in turn created new jobs and rising wages. The demand for food rose more rapidly than domestic food production and it was PL 480 imports which helped to meet that demand while avoid rising prices for food — thereby facilitating an accelerated pace of non-inflationary development.

In addition to that rationale for increased food aid, the drought resulted in a tremendous need for emergency food assistance from all donors. The U.S. in a two year period provided ten million tons of PL 480 food supplies.

Q: Was this used as part of the conditionality, the leverage on policy of the PL 480 program?

WILLIAMS: AID policy was to parallel increased PL 480 assistance with priority by recipient countries on improved agricultural production. It was, as I explained earlier, part of what we called performance bargaining - based on general under standings rather than formal conditionality.

A strong element of conditionality was introduced into the PL 480 program to India by President Johnson. LBJ had a very strong feeling about the Indians, because they were so critically independent. They were critics of our Vietnam policy and this infuriated President Johnson. He began to use the leverage of PL 480 to try to influence their behavior.
It certainly was conditionality, not within the context of our economic program, but in relation to political concerns about Vietnam. However, the President's policy had a useful economic effect because it made India really determined to achieve food self sufficiency.

But LBJ was determined to make India less critical of U.S. policy. As he put it in his good Texan style, “You sup at our table, you mind your manners.” What he meant was you don't criticize our Vietnam policy. So India was a difficult case, not only in the ideological political divide in the U.S. Congress, but also within the administration.

Q: Do you recall any action that Johnson took vis a vis the PL 480 program?

WILLIAMS: President Johnson would delay PL 480 shipments and release individual shipment very slowly.

Q: In those days PL 480 programs were approved at the White House level I understand?

WILLIAMS: Both the programs and actual shipments of PL 480 to India were approved personally by the President. He intended for them to mind their manners.

Q: Did you get any feedback on what the Indian reaction to this was? You were commenting on that a little bit.

WILLIAMS: It had a tremendous influence in encouraging India to place the highest possible priority on raising agricultural production and achieving food grain self-sufficiency. Prime Minister Indira Gandhi was very determined about that. The Indians were infuriated to be placed in the position of holding out a beggar bowl for American food aid and its implication for loss of a measure of their independence.

Q: I recall Indira Gandhi as having said, “Never again will I be dependent on external food assistance from the U.S.”

WILLIAMS: You have to credit Indira Gandhi with giving food self-sufficiency for India a consistently high priority and backing it up with the necessary policy adjustments and resources. It was the Green Revolution of high yielding seed varieties and American technical assistance which provided the necessary foundation. USAID assisted in building

four agricultural universities in India and training the perquisite faculties to underpin adaptive agricultural research and extension service. But it was Indira Gandhi's political determination that made relative food self-sufficiency possible. The result was that India no longer had to import food grain and was free of dependence on U.S. PL 480 assistance, although the nutrition of a large part of the Indian population never really reached an adequate level.

Q: Weren't there projections at that time that given the population growth, India would never be able to feed itself?

WILLIAMS: Yes, population growth was out-pacing food production, a point often stressed during Congressional testimony. It was the high-yield productivity increases of the Green Revolution which made the difference. India had the resource base in soil and water resources, particularly in the bread basket area of the Punjab plain. And they had extensive irrigation facilities begun by the British. Proper management of these resources, plus extensive use of chemical fertilizer, made it possible to gain major increases in agricultural production. Indira Gandhi also placed a high priority on family planning.

Q: Another issue I understand was distribution. Were they able to get the food around the country? Was that something we were helping with?

WILLIAMS: Distribution was a tremendous problem, particularly for the import of millions of tons of emergency food aid and moving it from ports to areas of greatest need during the drought. Indian port facilities couldn't handle it, nor was the internal transport adequate to move such large tonnages. We encountered a similar problem in providing food relief for drought afflicted countries in Africa - port facilities and internal transport were the main constraint.

The distribution problem in India was related to the food security system under British rule when the largely subsistence rural economy of each province was expected to be self contained in food supply, and distribution among regions was restricted. They were not

set up to move large quantities of food from one region to another. China had a similar system of expecting individual regions to be largely self-sufficient in food. That way food price inflation could be contained, but it resulted in famine for the provinces affected. With agricultural development and improved transport facilities it has been possible to abolish famine. That was the objective of American aid to India; we did a lot of work on improving food distribution, and particularly on expanding port capacity.

Although India, with our assistance, made outstanding progress in dealing with food production and distribution, President Johnson still deeply resented their continuing criticism of U.S. engagement Vietnam. In fact, after Richard Nixon won the presidency in 1970, during the transition President Johnson would not release the program assistance, some $300 million, which had been appropriated by the U.S. Congress for India. In response to my efforts to move these funds to India, President Johnson said, “Let Nixon worry about it when he becomes president. Let the Indians find out how he treats them.”

I was shocked at this withholding of aid which we had justified to the U.S. Congress as essential to our foreign policy objectives, and which was sorely needed to sustain the development momentum in India. In response to my continued agitation over the issue, both Secretary of State Dean Rusk and AID Administrator Bill Gaud directed me to “lay off and not press the issue further with the White House.” “We are just going to have to accept that President Johnson is not going to release those funds while he is President,” Rusk said.

Despite that instruction, I made a further plea with Walt Rostow, then security advisor to the President, that considering the importance of our relations with India he again should make the case with President Johnson. Rostow did and President Johnson finally said “OK”. Bill Gaud gave me a hard look after that but said nothing. After all, you couldn't criticize a junior officer for achieving the objective.

One result for me was that at the beginning of the Nixon Administration Walt Rostow recommended to Henry Kissinger that “Maury Williams is the one to talk to.” So I got a phone call from Kissinger the new national security advisor to President Nixon, to brief him about India. When I called on Kissinger, he said the President is planning a trip to Asia. “I know Europe well but I really don't know much about Asia, tell me what I need to know about India.” I began a briefing as I had done many time with the Congress. But it was clear that Kissinger' attention was not on my briefing. He interrupted, saying “Wait a minute, you'd better come with us on this Asian trip; I'll speak to the President about it”. Apparently, I was the “Mr. India” to the new administration.

Q: Would you say Kissinger never really got involved at that point? He picked up on you but he didn't pick up on the substance.

WILLIAMS: Kissinger never returned to the subject. He wanted me there in case there were any questions to be answered. When President Nixon met with Indira Gandhi in India, Kissinger was on the President's right and I was at the table next to Kissinger. It got me onto that trip, the South Asian part, for I didn't accompany President Nixon on the Vietnam portion of his tour of the Far East.

Let me speak further about my assignment with NESA, since it wasn't all India.

Q: You had responsibilities other than India. What were some of the other areas?

WILLIAMS: The other major AID programs were in Turkey and Pakistan. We had smaller programs with Israel, Jordan, Sri Lanka, Nepal and Afghanistan. At that time, we were phasing out programs in Lebanon and Iran since they no longer required concessionary assistance. And our AID programs in Iraq and Syria were terminated as no longer consonant with U.S. objectives.

The field mission directors were strong, entrusted with substantial delegations of authority, and for the most part the NESA country programs were quite solid. This meant that

aside from fending with the Congress, my job as bureau chief was essentially one of back stopping the field missions and dealing with special problems affecting Washington support. For most of the missions there weren't major problems.

The programs for Israel, Jordan and Turkey were well supported in the Congress. Aid to Israel was efficiently handled by the Israelis themselves who know their needs well. Jim Killian, our director in Turkey, had an outstanding record of helping to launch South Korea on the path of self-sustaining development, and was urging a similar pace for Turkey. Joe Wheeler was a real pro as mission director in Jordan; I would later send him to Pakistan. We had smaller, technically sound programs in Nepal and Sri Lanka.

Q: Afghanistan?

WILLIAMS: NESA was a fascinating region with a wide range of development problems in human, cultural, social, political and economic terms. Afghanistan was a tremendous problem. We were way over-committed in the size of the U.S. capital and technical assistance activities, competing with the Russians in construction of roads and capital projects in a mad scramble well beyond the institutional and human capacity of a semi-nomadic feudal society.

Q: Some describe it as being on the front lines of the Cold War.

WILLIAMS: Truly on the front line, Khrushchev saw the Cold War as a competition with capitalism, particularly in the non-aligned countries like Afghanistan. He extended large aid credits for industrial and capital equipment to Afghanistan, repayable in long-term exports to the Soviet Union. In response, U.S. aid jumped from a small Point Four type program, mainly in education, to a capital assistance level of some $30 million annually. Much of this competitive aid was for turn-key construction projects by expatriate contractors, which yielded highly visible and politically impressive results. But training Afghans for

the use and maintenance of such facilities was something else. Most ambitious was the competition in dams and regional irrigation schemes.

Even before the cold war competition, the Afghan Government had engaged U.S. private interests to build a dam in the Helmand Valley with U.S. Export-Import Bank credits. The dam was impressive, but there were no prior plans for irrigation channels to distribute the water, nor people trained to manage any aspect of the dam and water usage, nor for development of their agriculture. With American prestige on the line, in the competition with the Russians, the AID Mission was thrust into the position of working out the infrastructure and programs for realizing economic benefits from the dam, a task which proved to be almost impossible. While there were many similarities in development problems of Afghanistan and Iran, the complexities imposed by scale of direct competition with the Soviets were overwhelming.

As head of the NESA Bureau, I was able to successfully close the AID program in Iran. There you had government ministries somewhat more capable than in Afghanistan, although similarly shot through with traditional inefficiencies. Nevertheless, we succeed in integrating the AID sponsored activities in education, health and agriculture into the Iranian ministries with the Shah claiming that these programs were his “white revolution.”

Q: Could you take a moment and tell why we terminated the program in Iran, what were the characteristics of that.

WILLIAMS: Iran's oil revenues had fully recovered which meant they didn't need continued concessionary aid. USAID had been largely a technical mission which had trained many Iranians. While the initial rationale for aid had been heavily political, a fairly sound base had been established, particularly in health and education, and reasonable beginnings made in agriculture. Also it was timely to phase down large U.S. technical aid missions. As nationals were trained, U.S. advisors needed to pull out. One way and another U.S. personnel locked into these technical assignments. There was an inertia that was hard

to break. I broke it in Iran because our political profile was too high, too many advisors in prominent locations. That would become a problem later in other countries as well.

It also was important to demonstrate progress with our aid programs to the Congress and American people. We felt that we could terminate in Iran, as well as in Lebanon, and declare reasonable success. And we were working with the Government of Turkey toward phasing out concessionary aid over a five year period.

Q: You were involved in the Helmand Valley, one of the major projects over the years. What were you able to accomplish there?

WILLIAMS: The results of our efforts in the Helmand Valley were disappointing, considering the efforts involved. As I mentioned above, the major dam was initiated by the Afghans with funds borrowed from the Export Import Bank and built by a U.S. engineering firm, Morrison-Knudsen, without preliminary surveys of its possible use. With American prestige on the line, AID inherited the task of developing the potential of the valley. It proved a daunting enterprise, bedeviled by a secession of severe problems. First, settlers were brought in who lacked basic agricultural skills and there were knotty problems of land tenure. This complicated the laying out of channels for water distribution. Soil surveys revealed that large areas of the valley were an impermeable hard pan which complicated irrigation and drainage. The remoteness of the valley and its thin settlement limited power development. Newly settled “farmers” required all sorts of services which meant building up a support authority. Nor was there the human resource base on the Afghan side to support this level and type of activity. It had to be built-up from scratch.

Q: Were you able to deal with some of those problems, address them?

WILLIAMS: We worked at it and gradually made progress. Wheat crop yields were reasonable. But management of such a complex project did not go very well. We trained personnel for the Helmand Valley Authority but the demand for experienced Afghan managers was great and personnel kept being drawn to other facilities. Also Afghan

Government interest in the Helmand Valley appeared to wane and it was a continuing struggle to engage them. By then three-quarters of their development budget was financed by external aid. Despite these poor prospects we had to stay at it.

Q: Staying there, did that serve our political ends?

WILLIAMS: That's what it served and in many ways that's all it served. Eventually it would have been possible to built the resource base to realize benefits from the high level of capital assistance. Many of the projects were for political show, like the airport we built. When the political criteria is so high, and with the Cold War competition with the Russians, it was impossible to do things in a sequence and on a scale that would be sensible in development terms. Also, the Russians and we were working at cross purposes, not only politically but in development planning concepts and the pressures we each mounted on Afghan officials.

Q: There isn't much left of Afghanistan at the moment, but did you leave anything of development consequence?

WILLIAMS: Roads; we built a first class road system opening Afghan communication in the south and with Pakistan. The Russians built roads in the north to their own border. Many Afghans were trained, but God knows what has happened to them. We placed a major emphasis on education and human resource development, building many schools. We worked at it very hard and on a large scale. You can work these things out with time, but time was short for Afghanistan, particularly after the Russian invasion.

In other countries - Turkey, Pakistan, India - it is possible to go back and point out American aid contributions, the scientific and agricultural institutes in India, the entire school system in Bangladesh, and many others. There was progress in Afghanistan but you can't find it today.

Q: Carry on with your comments on other NESA programs. What was happening to the Pakistan program? You had a personal interest in that.

WILLIAMS: It was a solid program. As a result of the 1965 war, there was a temporary interruption of new commitments of aid of a year for both Pakistan and India. Drought in that period also was a set back for both countries, although it was more serious for India. The U.S. got back on a development footing, the aid donor consortium was revived and we began to make aid commitments again. However, our aid program to Pakistan never recovered its earlier high level. After President Johnson's call to Ayub Khan, our political relations were reestablished, although Pakistan still pursued a pro-Chinese diplomacy which the State Department was unhappy about.

There were several unusual situations concerning Congressional difficulties with AID contracts for Pakistan which engaged my attention. One was an AID tender for the purchase of locomotives by Pakistan with AID funds. General Electric and General Motors were competing for this contract. Each had powerful senators behind them; Senator Percy was backing GM, and Senator Long backed GE. It wasn't a particularly large order, about $12 million, but apparently it was seen as an important opening to the Asian market.

Resolution of this difficult issue fell to me as Assistant Administrator early in my tenure. AID Administrator Bill Gaud pointed out that it was important to retain the support of both Senator Percy and Senator Long. Gaud said to me, “Good luck, Maury, I'm watching this one. I hope you get it right.”

For some time I struggled to find a fair and defensible basis for awarding the bid but a solution eluded me. AID lawyers examining the tender documents could find no legal basis for a decision. Nor was there a technical basis for determining whether GE or GM built the better locomotive for Pakistan's needs. All the knowledgeable locomotive experts I consulted had worked for either GE or GM. Representatives of both companies called on

me, and staff assistants of the interested senators kept phoning to inquire how I would decide. Well, I just couldn't figure it out.

Finally, in desperation, I hit on the amazing device of asking for a ruling from the GAO - the General Accounting Office — which is the Congressionally-designated “watch dog” over executive branch performance. They fairly quickly advised in favor of GE, and I so awarded the contract. I suspected that the reason GAO came down in favor of GE was that Senator Long had more political clout with GAO than Senator Percy. Never mind, I told myself, with GAO support I was in the clear.

Several months later I found myself with another near intractable problem involving AID financed power boats for East Pakistan. The boats were required to inspect an extensive system of dikes, or bunds, built to reclaim land from salt water intrusion along coastal areas. Much of East Pakistan was a low lying delta and with dikes they were able to reclaim from the sea substantial areas of fertile land, much like the Dutch in the Netherlands. The speed of power boats for inspecting dikes was important because storms in the Bay of Bengal could come up fast. The AID financed contract had been awarded to a boat builder, Holiday Boats, in Congressman Passman's district in Mississippi. When the boats were delivered to East Pakistan, they were rejected as not meeting contract specifications for speed.

Q: Was this still part of Pakistan or was it now Bangladesh?

WILLIAMS: Still Pakistan. It turned out that the owner of Holiday Boats was a leading politician and key supporter of Otto Passman. Moreover, the Pakistan boat order was a big one for a small company like Holiday Boats, and rejection of the boats by Pakistan would bankrupt the company. To add to this drama, Passman was coming up for reelection, and without the support of the owner of Holiday Boats, it was alleged that Passman was not going to get reelected. Only after Passman had attempted to negotiate directly with the

Government of Pakistan for acceptance of the boats and been refused, did he appeal to me for help.

On review, I found that Holiday Boats had accepted specifications for high performance motors which could not possibly be built with the AID funds allocated to the contract. USAID engineers had passed those specifications. So then the boats didn't meet the specs and the Pakistanis refused to accept them. Since Passman was the chairman of the appropriations subcommittee for AID, I had to sort this out.

Q: How did you sort it out?

WILLIAMS: First of all the Pakistan AID Mission had made a mistake in letting such impossibly high performance specifications go through. AID had delegated much responsibility to the field with requisite engineers and loan officers in-country and they had goofed on this. So I apologized to the government of Pakistan, and promised to make it up to them in other ways if they accepted the boats. Fortunately the boats were well built and proved acceptable for the purpose intended.

Perhaps that is all I need to say about my experiences as head of the NESA bureau. I had clearly established my credentials as an Assistant Administrator in handling congressional relations and directing field missions. Bill Gaud on one occasion asked me if I didn't think it was truly fascinating work. Gaud had been NESA head in the Kennedy administration, followed by Bill MacComber, and then myself. I replied that running a bureau in many respects was the seamy underside of foreign aid, essential to support development but that the best jobs were those of country mission directors.

Among the compensations in running an AID bureau was the association with wholly dedicated people. AID had great strength in talented and experienced officers; the senior staff assembled by Dave Bell and Bill Gaud were truly outstanding - people like Rud Poats and Sam Adams.

With the election of President Nixon in 1968, the support for President Kennedy's program of development assistance had run out. Nixon redefined U.S. foreign policy in an international system of relative political equilibrium, or detente, between the U.S. and the Soviet Union, with China as a potential counter in that power equation. One aspect of that policy was to break the link of U.S. aid to economic performance and, rather, relate aid to political performance by recipients. In any case, Nixon was not about to invest political capital in the programs of his predecessors and the 1970s witnessed a dramatic redirection of American aid.

You will recall that at Henry Kissinger's invitation, I was a member of President Nixon's mission to New Delhi. There, I heard President Nixon tell Indira Gandhi the importance he attributed to opening relations with China in the context of his foreign policy. Given the history of American policy toward Communist China and Nixon's earlier role in that history, I was astonished. I looked at Indira Gandhi to observe her reaction. She wasn't paying one bit of attention to what Nixon was saying. As far as she was concerned it was just “blah blah,” as Kissinger observed in an aside. I took it seriously and was quite excited about what I heard. Relations with China had been such a problem in American foreign policy; if this was to be resolved, Nixon was the man who could bring it off.

While reform of the aid program was not an initial priority of the Nixon Administration, it was clear that what was intended was a primary focus on security assistance administered by State, with sharp curtailment of aid for economic development. AID as an agency would be phased out, its technical field missions greatly reduced to lower the American profile abroad. And what ever capital assistance might be required could be handled by the World Bank along with a quasi-public foundation for technical assistance. These were essentially the recommendations of the Peterson Commission charged to advise President Nixon on the reform of foreign aid. There were many other proposals. It was a very fluid and confused time.

John Hannah was appointed by the Nixon Administration as the new administrator of AID. A former president of Michigan State University, Hannah had impeccable party credentials, although with a liberal dedication to the importance of Third World development, and particularly to education and human development. As Hannah would say over and over, “It's people who are important, people make development happen.”

Finding himself the administrator of an agency that was threatened with extinction, John Hannah looked to the AID assistant administrators, and senior staff he had inherited, asking “What are we going to do about this, what do you professionals recommend?” Hannah took the senior staff to Airlie House one weekend for a brain storming session on what needed to be done to revise the AID program in the light of the new circumstances and political realities. We engaged in quite a bull session which produced many good ideas. Sam Adams was there, Ernie Stern, Phil Birnbaum, Herman Kleine, the whole team of senior AID officials. At the end of Sunday afternoon, John Hannah turned to me and said, “Maury, will you write this up in the form of a proposal that I can take to the administration?”

I did that for the next three weeks, thinking hard on how the AID program should be restructured and I wrote a fairly brief proposal. As it turned out that paper based on the Airlie House discussions determined the shape of the reoriented AID.

Basically what I proposed was a bifurcation of assistance into two programs, both administered by a reoriented AID - one for security assistance allocated to countries in direct support of immediate foreign policy objectives, and a second to address basic human needs allocated on a functional basis in support of mid- to longer-term American objectives.

U.S. aid for supporting assistance, in fact, had been largely politicized in support of the war in Vietnam. It was important to take account of the need of the Nixon administration to

mobilize all instruments to settle that war, and to deal with the aftermath of the 1967 war in the Middle East.

The proposed emphasis on basic human needs dealt with the reality that the aid policy of accelerating economic growth in developing countries was by-passing millions of the poorest people. While nation building had been successful, the effect on poverty alleviation had been limited and the policies of aggregate economic growth had failed to take account of essential social objectives. What I proposed was changing aid appropriations and accounts to functional allocations in such priority areas as agriculture, human nutrition, education, population programs, health care, and special programs targeted on poor and disadvantaged groups.

This was not a new idea; it was common knowledge that economic growth, as such, was not affecting the inequity of mass poverty and that meeting basic human needs - as recommended by the ILO - required attention. Perhaps the way I framed the proposal was helpful, for it appealed both to the realpolitik policy of President Nixon, and to the strong moral tradition of American foreign policy, as well.

John Hannah proved a skillful advocate of the bifurcated programs in a reoriented AID. Hannah sent the proposal to President Nixon, and it is fair to say that the administration found it only half appealing.

More significant John Hannah quietly gave a copy of that paper to the Chairman of the House Foreign Affairs Committee, Doc Morgan of Pennsylvania. Morgan agreed to launch a congressional initiative to redirect a functional reorganization of the aid accounts and legislation in support of human needs. At that time, the Democrats had a majority in the Congress, the Republicans had the Presidency. The Democrats did not want to see the development emphasis of foreign aid completely scrapped in favor of security assistance as it had been in the Eisenhower period. The Democratic majority in Congress, led by the Foreign Affairs Committee, took the initiative of redirecting aid in functional accounts

for basic human needs while strongly supporting the security assistance component for foreign aid.

Congressional interest also was stimulated by the emergence during the 1960s of an active domestic constituency of special interest groups favoring development assistance to address poverty. They included church and university groups, research and technical specialists, former Peace Corp volunteers, and others - many of whom had been specifically encouraged by AID.

I don't think Hannah ever informed the administration of his quiet diplomacy in stimulating the congressional initiative for redrafting the foreign aid legislation. That is how the “new directions” program for foreign aid came about. The initiative did come from the Congress, and the functional aid accounts would over time be increasingly monitored and controlled by Congressional action. It was engendered by Hannah; all I did was write up a set of proposals.

Q: Beyond the bifurcation of the program, the economic support, were there any other features you emphasized in this proposal?

WILLIAMS: It is one thing to lay out some broad concepts and categories. For this I drew on the ILO Report and views expressed by the Nordic countries in a review of development assistance. But a lot of follow-up work was required to translate concepts into actual programs and projects. For one, legislation had to be rewritten, a task which Jim Grant and the Overseas Development Council (ODC) undertook. A lot of people would claim credit for redirecting aid to meet the basic human needs of the poorest of the poor.

Deputy Administrator of AID, 1971-1974

Since I was a carry-over appointee from the previous administration, I thought it timely to leave government in favor of an academic position. There was an opening for dean of international studies at the University of Denver and I was invited to apply. I spoke to John

Hannah about it, thinking that he might support me for the position. On the contrary, he discouraged me, saying being a dean wouldn't be right for me.

Shortly afterwards, Hannah asked me to become his deputy at AID. He had the support of President Nixon, perhaps because of my having been on the President's earlier trip to Asia and the contact with Henry Kissinger. I had become Kissinger's man in AID, responding to occasional calls for information.

My first task as deputy was to begin to put into operation the “new directions” for development assistance. Hannah was anxious for us to take the initiative in redirecting the AID program to meet basic human needs, in advance of Congressional action and new legislation. How should we conceptualize the change in program? You had to think through the implications in program focus in terms of guidance to agency staffs for the next congressional presentation, to work out aid levels with the Bureau of the Budget, and formulate instructions to the field missions. Obviously you had to restructure your mission programs and this required new operating procedures. There was a lot of work to be done, and we set up internal task forces on various tasks.

Meanwhile I was eager to exchange views about these new directions in the field and undertook a mission to Africa to brief the mission directors.

Q: What year was this?

WILLIAMS: It was in 1971 that I met with the mission directors in Africa. In Lagos, I met with Don Brown and other mission directors. I recall Don was aggressively skeptical about how the changes we proposed were going to work. I went to the field to get the help of our field officers, saying, “Look, this is what we've got to do; how can it best be done?”

While it took some doing to reorient our program, country by country, in one sense we were returning to the earlier Point Four concept of technical assistance. In the new AID legislation that part of the program was looked after by the Democratic majority in the

Congress. They earmarked functional categories of aid for development because they didn't trust the Nixon administration not to divert it to political security concerns. AID country programming was not completely abandoned but it was more project focused - with priorities for health, education, agriculture and nutrition - rather than on a national economic focus. That was the major shift on the development assistance side.

Q: This was the push at addressing the "poor majority", a phrase at the time. And then there was the "poorest of the poor" — an effort never really very effective.

WILLIAMS: When I was working on programming, we were concerned with alleviating poverty; later the approach became that if we weren't reaching the poorest of the poor, we were assumed to be failing. That was an extreme point of view which was never part of my direction. It got out of control after I left.

Q: That came with the next administration.

WILLIAMS: Right, it happened in the Carter administration. It was unfortunate; I thought it went too far. Development has to be more broadly conceived than solely targeting the poorest, as praiseworthy as that may seem.

But we were able to retain a functioning AID agency addressing development needs. Of course Vietnam was a big problem, drawing increasingly large resources. We were forced to scale back aid levels and technical missions in many developing countries.

Q: Did you have any involvement in the administration's Vietnam effort?

WILLIAMS: I spent several weeks in Vietnam to review our program and the situation, but I can't say I had any real involvement. It was nothing I worked on to try and change. I saw the program on the ground, traveling throughout the delta. It was a dangerous time.

Q: What view did you develop about our effort there and our program?

WILLIAMS: Some of our best people were in Vietnam. Bob Mossler, for example, was Mission Director. It seemed an impossible task, trying to encourage rural development under warlike conditions. Security was very bad. The war was going on. You had to move around with great caution. I traveled by boat, road and helicopter. It was dangerous even with a military escort. Our people in the field were courageous, and their presence may have been a positive influence in encouraging South Vietnam resistance, but for achieving effective development under the circumstances, that was very limited.

After directing reorientation of the Agency's program and field visits to each of the major regions, I settled in as John Hannah's deputy. It was a pleasure to work for Hannah as a person with great political savvy. He personally handled relations with senior congressmen and with the senior White House staffs, and looked to me to run AID operationally. Hannah said, “Maury you run the agency and keep me posted.” That wasn't so difficult given the outstanding assistant administrators in change of the regional bureaus.

As an agency administrator I attempted to model my role on Bill Gaud's earlier example when he had been Dave Bell's deputy. Like Gaud, I made a point of undertaking to educate the American public on the importance of foreign aid to our national interest by a series of public speeches and media interviews. Over several years, these included engagements in Atlanta, Colorado Springs, Louisville, Miami, New Orleans, New York, St Louis, Minneapolis, as well as similar engagements in Washington.

Hannah assigned me the task of liaison with Henry Kissinger's National Security staff and with Congressman Otto Passman as Chairman of the committee charged with foreign aid appropriations. I don't believe Hannah was comfortable with either of them, certainly not with Passman who retained almost absolute power over aid appropriations.

My job was to accommodate Passman's requests for information and favors, in so far as they were defensible. Hardly a week passed without my receiving one or more phone calls from Passman, often for favors concerning aid to American schools and hospitals abroad,

and PL 480 allocations of rice - which was produced and exported from his district. He also followed closely details of the procurement of AID-financed commodities for Vietnam.

One decision I made in response to persistent urging by Passman proved controversial, namely funding a million dollar project for Latin American leadership training by Airlie House. While the project was defensible, it was opposed as low priority by AID's Latin American staff and I overrode them. Several years later, after I left Washington, I was recalled twice to testify at a Grand Jury investigation to explain my decision. Apparently, Passman had been bribed by Airlie House to gain AID approval of the project. I was cleared of collusion and had no knowledge of any payoff, but had to admit that I had gone against staff advice. Passman, who at that point had retired from the Congress, was tried and cleared of any offense by a jury in his home state.

My liaison with Kissinger's staff at the White House often concerned AID's role in international emergency assistance for natural and other disasters, including drought in the Sahel of Africa, a destructive typhoon in East Pakistan, and the earthquake which destroyed Managua in Nicaragua. In each of these instances, I was formally designated as President Nixon's representative in change of overall American emergency assistance. This provided high visibility in publicity for AID, as well as for the President. AID had built an effective Office of Emergency Operations under Tim McClure. I also learned that emergency assistance involved special skills for early assessment and response, guiding voluntary public assistance, and coordinating efforts among donors, both public and private. The 1972-1973 drought in the countries of the Sahel - an Arab term meaning shore of the sea of the Sahara Desert - was disastrous for seven African countries from Senegal to Chad, wiping out their sources of food in crops and animal herds. Many countries and agencies responded with emergency food and supplies but lines of transport into the region were poor and several millions of people were at risk of starvation. Nor was there agreement on international coordination of emergency aid. The U.N. at that time lacked the designated role and capability for the work. Calls by FAO for massive airlifts of food without on the ground assessments of needs were not helpful. I conferred in Paris

with the French Government, which knew the region well, and together we adopted a framework for assessing needs, locating supplies and related logistic capabilities.

President Nixon directed a major U.S. response to the drought emergency in Africa, in part to build his political support in the American black community. As the President's representative I was assigned a military aircraft to visit the Sahel countries and assure that emergency supplies were getting there. I flew across the Sahel visiting each of the Sahel countries, calling on their Presidents, and inspecting relief operations. Adequate relief assistance was getting through, although only by a very narrow margin.

Haven, you were in Africa at that time, were you involved?

Q: I was in Ghana.

WILLIAMS: The situation in Ghana and most of the coastal states were not badly affected by the drought, with the exception of Senegal, the Gambia and Mauritania and stretching eastward across the continent.

Q: Sam Adams and Don Brown were in charge of the Africa Bureau at that time?

WILLIAMS: Yes Sam Adams was the Assistant Administrator and I believe Don Brown was his deputy.

The relief operation had three planes - operated by the U.S., Belgium and Canada - to selectively airlift emergency food to Bamako, Niamey, and Agadez, and we were barely getting it there in time to save lives. I remember visiting one location in Niger where the local administrator said, “If it hadn't been for your help, we would all be dead in this area.” Their food supplies had been completed wiped out; it was quite dramatic. On that trip I also visited the refugee camps on the upper bend of the Niger River. That part of the river had dried up but I was interested to see Timbuktu. I was curious to know why Timbuktu was a household world with most Americans.

Q: The remotest of the remote.

WILLIAMS: Perhaps it was because at an earlier time, Timbuktu was seen as a magic place where as a trading post you could exchange salt for gold. There was gold to the south but they lacked salt; if you could cross the Sahara Desert with camels you could pick up salt slabs and at Timbuktu trade them for gold, so the story goes.

Q: What was your impression of the Saharan countries that you visited at that time?

WILLIAMS: The drought had devastating effects; many of the men had migrated to the south attempting to save their herds, leaving their women and children behind in the camps I visited. Mostly they were unsuccessful, and wealth in animals was largely lost. The drought shifted the balance of power between the nomadic people of Arab origin and the blacks whom they had largely dominated. There was much settling of old scores among these people, including discrimination in distribution of relief supplies.

In the settled agricultural areas the losses had also been great. There was potential for rural development in improved water management and security measures against drought, a recurring problem for the region. Trained Africans were able but few in number. Despite the difficulties of development in Africa, progress could be made if you could engage the best people available and help governments strengthen their structures of administration and cooperation. I thought the best prospect for the Sahel countries was in regional cooperation for mutual support and to take advantage of the increased aid being offered for rehabilitation. The Sahel leaders would later set up a consortium for a regional approach among themselves and with donors. In my next assignment I would lead a donor Club du Sahel to foster development in the region.

The earthquake in Managua brought me another assignment as the President's representative for emergency assistance. In this case, President Nixon phoned me one weekend at my retreat on the Potomac River in West Virginia which I told him was my

Camp David. He said “I want you to go to Managua and take charge of the relief effort. I'm concerned that the communists may take over the country. Somoza is a personal friend of mine; I will have a letter for you to carry to him.”

The following Monday I was briefed at the White House on the situation in Nicaragua and the nature of the mission. I had presidential authority to engage whatever resources were necessary to deal with the results of the earthquake which had destroyed the capital city. Then I was asked to brief the assembled White House press corp on the effects of the earthquake and the nature of my mission. President Nixon's interest in the Managua disaster was both to help his political buddy, President Somoza, and to highlight a highly visible U.S. humanitarian effort, partly as a distraction of media attention from the bombing of Hanoi then underway.

I flew to Nicaragua by military helicopter from a U.S. army base in Panama. What was left of Managua was a desolation of rubble that was still smoldering from fire which had swept the city. All central services had been disrupted and people had fled to surrounding areas. A U.S. military field hospital in tents on the outskirts was treating the injured. The central relief problem was food and its distribution. Even before the earthquake, there had been a failure of agricultural production and there was a problem of insufficient food supply.

Nicaragua is a relatively small country with nearby U.S. military logistical facilities in Panama, the Central American U.S. Command. Very quickly we were able to call forward large supplies of food and tents for shelter and to have these supplies airlifted to various distribution points by large U.S. army cargo helicopters. Local Nicaraguan authorities in nearby towns organized the distribution of supplies. I visited these centers to assure their reasonable effectiveness. It didn't take too long. In comparison with emergency relief for a large Asian country or African region, the logistics and distribution were quite easy.

Of interest was the U.S. Army field hospital which was now routinely servicing what had been the city of Managua. Initially there had been casualties, many resulting from gunshot

wounds, which led me to believe there may have been an attempted revolt against Somoza as President Nixon had worried about.

However, the calls on the hospital were now few and fairly routine. While the local city hospital had been destroyed, most of its personnel had survived. The sensible thing was to turn the equipment of the U.S. Army field hospital over to local medical personnel, which is what I did without prior permission from the Defense Department. It was perhaps a bold move, but I didn't see any reason to lose time or to leave Americans sitting there in the sun in tents with little or nothing to do. Several days later I received a cable from the Defense Department: “Please Mr. Williams, don't give our engineering equipment away, we need it.” There was an army engineering group there helping to clear away the debris, and I wasn't about to give that away.

There was an AID Mission in Nicaragua which I naturally drew on for assistance in the relief operation. We began planning for a housing rehabilitation program and other activities, and I prepared to depart. Somoza was quite a character.

Q: Did you meet him?

WILLIAMS: Oh, definitely, I reported to President Somoza first thing on my arrival since I carried a personal message for him from President Nixon. I also met with his senior officials to review organization of the relief operation. His residence was on a hill overlooking the ruins of Managua and there was a platoon of American infantry soldiers armed and camped on the site - apparently there by order of President Nixon.

Before departing, I called on President Somoza to bid him farewell. He said he would be at the airfield early the next morning to see me off and asked that I carry a written message to President Nixon. I demurred about Somoza coming to see me off, but he replied, “I will be there, not for you personally but because you are the representative of the President of the United States.”

The next morning, after a helicopter flight, I boarded a commercial Pan Am plane at about 6 a.m., when the pilot received a message, “Do not depart until I, Somoza, President of this country, get there to bid farewell to President Nixon's representative.” The Pan Am pilot replied “That's not possible.” Somoza's then radioed, “You wait for my arrival, or you will never land in this country again.” The Pan Am crew decided to wait and some 45 minutes later Somoza and his cabinet arrived at plane side. They lined up. I went down the line giving each a farewell embrace, then enplaned with a wave. They stood at attention while the plane took off. I suppose there is a certain style among Latin American dictators.

Q: What kind of impression did you get of Somoza as a person? Did you get any kind of feel for him?

WILLIAMS: He was a large and genial man with American manners, having trained at West Point. He welcomed me warmly; I believe he was frightened by the destruction and confusion of the earthquake. Most of the police, fire and security forces would have been immobilized, many disappearing to save themselves and their families. Discipline was probably poor. In that chaotic situation Somoza must have sent an urgent call for help to President Nixon, who sent a U.S. army unit to guard the Somoza residence.

Somoza impressed me as an entrepreneurial type. Certainly he had extensive business monopoly interests and apparently was milking the country economically. I had set up reasonably firm accounting for U.S. relief supplies, looking to municipal and religious authorities for their distribution. However, I found that relief supplies from other countries and private agencies were being received by Somoza's son, a young man in the uniform of an army lieutenant, who stored them in a locked warehouse outside the city. One had a sense of inefficiency and corruption. I urged the opening of that warehouse and public distribution of those supplies, but couldn't be sure it was done.

Another Presidential assignment was to manage relief operations for a disaster in East Pakistan, which evolved in stages, beginning with typhoon destruction in the delta and

progressively leading to political insurrection against the central government and military action by the West Pakistan army.

Periodically East Pakistan, now Bangladesh, is afflicted by a great storm with high winds out of the Bay of Bengal which may combine with tidal action to generate a high wave — sometimes up to 20 feet or more — that sweeps across the low lying delta. Dense concentrations of very poor people live there on land barely above sea level, and the destruction of these storms is tremendous. Again as the President's representative I toured the area by helicopter to inspect relief operations. Joe Wheeler was the AID Mission Director in Pakistan and we had an experienced field staff in East Pakistan. The emergency relief went well, and the AID Mission began to assist with rehabilitation measures which included measures of future security for people against recurring storms.

The extensive destruction and hardship from the storm, and East Pakistani sense of neglect by the government in the West, aggravated already deeply seated grievances against the central Pakistan government. In response to the charge that no central government leader had visited the province at the time of the great storm, President Yahya Khan claimed that he had viewed the disaster area in an overflight while on the way to visit China - a claim which was treated with derision in East Pakistan.

Later in 1971 an East Pakistan political party, the Awami League, won a national election on a platform of provincial autonomy. Fearing an independent breakaway of East Pakistan, President Yahya dispatched a West Pakistan army of 70,000 troops under General Tikka Khan who waged a brutal war of “collective punishment” against the Awami and its followers, targeting the intellectuals of East Pakistan. A guerrilla insurgency, the Mukti Bahini, fought back in a widening civil conflict.

The reign of terror only served to fuel resistance of a growing force of Mukti Bahini insurgents who, with the support of India, were engaged in cross border raids and occupying parts of East Pakistan. The result was a massive human tragedy with

tremendous political reverberations. Tens of thousands of civilians were killed, nine million East Pakistan refugees fled to camps in India and millions more were displaced from their homes within East Pakistan. Physical destruction of facilities, including transport, and economic dislocation was extensive. East Pakistan with 75 million people existing on an average annual income of $55, most living on the edge of survival, was in imminent danger of mass famine.

A wide donor effect was mounted to assist India in supplying emergency assistance for the millions of refugees in camps set up on the border with East Pakistan, but it was impossible to gain safe passage for food and relief supplies to East Pakistan without a cessation of hostilities. Meanwhile political repercussions were becoming increasingly serious, as China favored Pakistan and Soviet Union supported India. The Nixon administration was encountering increased Congressional and domestic hostility for its apparent “tilt toward Pakistan.” President Nixon grand strategy of detente involved reconciliation with China, and Pakistan's friendship with China was an essential bridge.

At several national security staff meetings chaired by Henry Kissinger, I urged U.S. intervention with the Pakistan Government to seek a cease fire. Perhaps for that reason Kissinger asked me to deliver an oral message from President Nixon to President Yahya Khan asking him to declare a cease fire in East Pakistan, to relieve General Tikka Khan from command of the army on the east, to appoint a civilian governor, and to accept a UN mission in Dacca to administer emergency relief.

Secretary of State William Rogers and I called on U.N. Secretary-General U Thant to gain his support for a U.N. humanitarian mission in East Pakistan. U Thant paused, observing that there was no precedent for such a U.N. mission, but there was nothing in the U.N. Charter against it. “Yes, I'll do it”, he said. That decision indeed did set a precedent as the first U.N. emergency relief mission.

The message I was to deliver to President Yahya Khan was considered so sensitive that it was not put in writing. I was to deliver it orally. I carried a letter bearing President Nixon's signature which read, “Maury Williams is a friend of Pakistan. He speaks for me.”

Arriving in Islamabad, I noted that the local newspaper, Dawn, had an editorial about my arrival, cautioning against foreign interference. I called my good friend, the chief economic minister, M.M. Ahmad, and at tea that afternoon I briefed him on the nature of my message. I asked Minister Ahmad to convey the contents of my message to the President in advance of my meeting with him at 10:00 a.m. the next morning.

The next morning and I met with President Yahya Khan who was in full military uniform, with all decorations, and delivered the letter which said I spoke for the President of the United States. He took the unfolded letter and sailed it across the room, saying “So, you have a letter from your President.” And he began to swear a steady blue streak for about twelve minutes. He had been a sergeant-major in the British colonial army and no junior officer could have been more verbally abused. With head bowed, I thought this mission is really blown.

Suddenly there was a pause as Yahya cleared his throat and said gruffly, “We welcome you. We know you are a friend of Pakistan.” He had given vent to the frustration of his situation with the Pakistan army totally out of control and running amok in the east, killing thousands of civilians, driving millions of refugees into India, and risking the loss of East Pakistan.

President Yahya Khan then accepted the U.S. proposal to recall General Tikka Khan. He also agreed to appoint a civilian governor and to work for a cease fire. While Yahya Khan didn't think there would be famine in East Pakistan, he accepted that we might be right in our assessment and he agreed to accept the U.N. humanitarian mission. We wanted a laissez passer for food and relief supplies to meet humanitarian needs in East Pakistan,

a laissez passer for ships under U.N. flag that both sides could respect as not carrying military equipment. That was part of the rationale for the UN mission.

I then flew on to Dacca in East Pakistan. The destruction was extensive with 90 per cent of all transport - rail, road and water - largely disrupted. There were about 40,000 guerrillas in the field at that point, operating out of sanctuaries on the Indian side. Food supplies were low and badly distributed. I was briefed by the intelligence staff of the Pakistan army and had dinner with General Tikka Khan. He was a pretty cold fish. Collective punishment was his policy, a term he spoke of as you and I might say “good morning.” On my departure from Dacca, at the airport I met the special emissary of President Yahya Khan carrying the message to relieve Tikka Khan. We acknowledged each other with a nod in passing.

I returned to Washington and, subsequently, the division of Pakistan with the independence of the new state of Bangladesh became history. The policies we proposed for Pakistan were right, but they were late, too late. The attack of the Indian army posed a critical situation for our foreign policy. Pakistan lost an army and its eastern wing.

My next political assignment was a big one, namely principal U.S. negotiator in Paris with ministers of the North Vietnamese Government on allocation of a program of U.S. economic assistance totaling $4.75 billion over five years for the reconstruction of the economy of North Vietnam. This commitment had been made by President Nixon in a secret letter to the Prime Minister of North Vietnam as part of the understandings accompanying the January 1973 “Peace Agreement on Ending the War and Restoring Peace in Vietnam.” The economic assistance was conditioned on political performance by the Government of North Vietnam in releasing American prisoners-of-war and keeping the peace following the cease fire in Vietnam and withdrawal of its forces from Laos and Cambodia.

American economic assistance for reconstruction of North Vietnam, and its integration into the world economy, was a bold concept of President Nixon. He considered it as

“potentially the most significant part of the peace accords,” providing leverage for the U.S. in maintenance of peace. Such had been the case after our wars with Germany and Japan. However, it was only briefly a possibility with North Vietnam - given the dynamics of domestic politics in both countries. For a detailed account of these negotiations and their results see the enclosed annex, “Healing the Wound of War with North Vietnam.”

Following President Nixon's re-election for a second term, an election in which the promise of “peace” in Vietnam played a prominent part, John Hannah was summarily dismissed as Administrator of AID. I say summarily because his dismissal was without prior warning; he was told of his dismissal by telephone while on holiday in Michigan. Dan Parker was appointed administrator.

Q: Why was he relieved?

WILLIAMS: He was treated very shabbily, but it was never entirely clear why. Apparently in his second term President Nixon decided to clear house of presidential appointees who were considered either too liberal or too independent, and John Hannah was both.

Q: He was fairly liberal?

WILLIAMS: John Hannah was a liberal Republican who had played a strongly independent role in encouraging the Democratically controlled Congress to reshape the American aid program in favor of basic human needs and earmarking increasingly large sums for that purpose. That was not entirely appreciated by the Nixon Administration. Other political appointees were dismissed at the same time. Some characterized the period as the “night of the long knives.”

It was suggested that I leave the position of deputy administrator of AID in favor of an ambassadorial assignment. Because of my service in the Vietnam negotiations I was offered my choice of several vacant posts, including ambassador to Indonesia, to the new country of Bangladesh as well as ambassador to the OECD in Paris and several

others. Given my career interest in international development, I chose chairman of the Development Assistance Committee (DAC) with the OECD in Paris - a position which up to that time had been held by a succession of U.S. career ambassadors, including Ambassador Riddleberger and, immediately preceding me, Ambassador Ed Martin.

Chairman of the Development Assistance Committee - 1974

Q: During your assignment to the DAC, you were still an AID employee, weren't you?

WILLIAMS: The Chairman of the DAC is a unique position authorized by the U.S. Congress in the foreign aid legislation; the position is imbued with quasi-international status. The chairman is nominated by the U.S. Government and elected by the 18 member governments of the committee who are the principal donors of foreign assistance. His salary is paid by the U.S. which also provides an ambassadorial residence in Paris. However, the chairman's operating expenses - office, secretary, travel - are provided by the budget of the OECD.

The Development Assistance Committee was set up at American initiative to encourage other industrial market-economy countries to join in the U.S.-sponsored common aid effort of assisting developing countries - an effort reaching $60 billion in 1993.

The DAC meets regularly to discuss significant issues concerning development and the effectiveness of economic assistance, both by regular member representatives stationed with the OECD in Paris and by ministerial heads of aid agencies and their senior officials in periodic special meetings.

The position of the DAC chairman is like a high-academic chair in that he reviews annually the aid program of each of the OECD member countries, issues an appraisal of their respective programs, and also issues an annual chairman's report on the general state of development, published by the OECD on his personal responsibility. The DAC Chairman's Report embodies the development experience of the member countries, and

the research of a highly competent OECD secretariat which services the committee under the chairman's direction. The annual report includes a statistical annex on the total flow of financial resources to developing countries - commercial and governmental flows and concessionary official development assistance (ODA) - which is a unique conceptual creation of the DAC.

I found the DAC assignment a real change of pace from the operational assignments of my AID career up to that point, particularly as deputy of AID. Suddenly, I had the opportunity to think deeply about foreign policy and the post-World War II development experience.

It was an opportune time to reflect. After two decades of high economic growth for both developed and developing countries - seen in retrospect as a golden age - the world economy fell into deep recession and crisis. The doubling of oil prices in 1973 by the Organization of Petroleum Exporting Countries (OPEC) was a major cause of recession. Also contributing was the near tripling of food grain prices resulting from the effects of drought on grain production in the Soviet Union and large areas of Asia and Africa, and the rundown of U.S. food grain reserves in major transfers to the Soviet Union. At the same time, there was an abrupt change in the world monetary system, away from fixed to flexible exchange rates, and the unusual phenomenon of “stagflation”, which combined economic stagnation and inflation.

My 1974 report as DAC Chairman dealt with reappraisal of the fundamentals of recent development policy. There was deep concern - which remains to this day - that economic growth and the emphasis on growth had not translated well into poverty reduction. Despite economic progress there were more and more poor people in the world; and aid programs were not addressing that problem in any direct way. At the same time, a widely popularized report of that period on the “limits of growth”, predicted that natural resources would become increasingly scarce, thereby raising issues of environmental constraints

and resource conservation. Price turbulence for both energy and food seemed to forebode basic changes in the future.

Something more was indicated than the development policies we had been pursuing; there was a searching for alternative development approaches. The U.N. World Food Conference in 1974 focused on the need to address rural development and, particularly, the food needs of the poorest countries which were seriously in deficit on both food and energy imports. These were seen as the “most seriously affected countries” by the crisis.

This raised issues of more effective assistance measures specifically addressing the needs of disadvantaged countries and peoples. The focus on women as disadvantaged came to the fore.

It also became clear that growing disparities among developing countries called for more differentiated aid policies. Economic assistance programs had been dealing with the developing countries with mostly common approaches. Now there was more attention to differences among developing countries. Some were making great progress and were identified as NICs - newly industrializing countries. Others were very seriously affected and required emergency relief and revised assistance policies.

At the same time there was increasing concern about the effect of development policies on the environment, following the 1972 U.N. Environment and Development Conference in Stockholm. Development assistance programs had not given much consideration to environmental issues and natural resource conservation.

Consequently, the development agenda had shifted to encompass a whole range of new issues - in areas of emergency assistance, considerations of equity, environment, differentiated approaches - calling for new policies of development cooperation.

Q: Along the lines you just outlined, it was a period of great ferment then. Was it also the time when basic needs was being promoted?

WILLIAMS: Basic needs was not immediately to the fore; it was one of the alternatives approaches that would come later.

It indeed was a period of searching review and great ferment; an interesting time to be at the DAC which was charged with oversight of the common aid effort. I spent my first year as chairman in reappraisal calling for even further appraisal of all on-going assistance programs on the grounds that we hadn't done all that well. My first annual report was a survey of the new problems which had emerged in the field of development and development assistance and a call for greater emphasis on increasing development assistance to disadvantaged countries, along with policies more closely attuned to the different developing regions.

Early in 1975 I was a guest of the Government of Japan for a series of speeches and consultations on the importance of reappraising aid programs in the light of changing circumstances. One problem with Japanese aid policy was that in response to major oil price increase Japan had stepped up concessionary economic aid to the oil exporting countries - in a mistaken view of assuring the security of Japan's oil imports. I pointed out that this was a gross distortion of priorities; it was not the oil exporters which needed more aid, but rather the oil dependent low-income countries. At the encouragement of Japan Foreign Ministry, I strongly urged a change of Japan's aid priorities, including a substantial increase in the level of their aid.

That year, with the recession in trade and high prices of oil and food imports, the economic prospects of the low-income countries was bleak; emergency assistance was mobilized by the United Nations to help them. This also was the period of the New International Economic Order (NIEO) when, led by the OPEC countries, the developing world called for structural changes in the world economy in favor of assured higher returns for their commodity exports and financial concessions. Developing countries as a group saw the

world economic system as biased against them, and they hoped to emulate the OPEC countries in forcing concessions from the OECD industrial countries.

OECD countries, for their part, were eager to engage the OPEC countries on energy policy and launched an extended Paris based Conference on International Economic Cooperation (CIEC) which attempted to negotiate NIEO issues with developing countries over the period 1975-1977. This was the North-South Dialogue which found wide agreement in principle on the need for more stable and equitable international economic policies but failed to reach agreement on fundamental changes for bringing this about. The results were disappointing, except for agreed increases in economic assistance.

DAC members raised their official development assistance from $9 billion in 1973 to $13.8 billion in 1975 - or from 0.29 per cent of their combined GNP to 0.35 per cent. As an active participant in CIEC negotiations, I was pleased with this result.

Also, OPEC countries launched economic assistance programs at a level averaging $7 billion annually, as an expression of their solidarity with other developing countries which had been hurt by the oil price increase. In an attempt to coordinate the aid efforts of OPEC countries with those of the DAC members in my role as DAC chairman, I visited the major OPEC donors, namely Iran, Kuwait, and Saudi Arabia.

Q: Weren't the OPEC countries part of the DAC?

WILLIAMS: No, members of the DAC were the OECD market-oriented industrial countries of Western Europe, the U.S., Canada and Japan - who engaged in economic assistance programs to the Third World. The origin of the OECD was the group of countries who worked together for the recovery of Western Europe under the auspices of the U.S. sponsored Marshall Plan. With the success of West European recovery, governments concerned decided to continue their cooperation in a permanent Paris-based OECD (Organization for Economic Cooperation and Development). At the same time, the U.S.

engaged its OECD partners to join in a common aid effort to the developing regions under the U.S.-led DAC (Development Assistance Committee of the OECD).

Interestingly, Japan established its credentials for membership in the OECD by first launching an economic assistance program and being admitted to the DAC.

The OPEC (Organization of Petroleum Countries) after gaining the large financial surpluses from their dramatic increases in oil prices, projected themselves as leaders of the Third World Group of 77 developing countries. It was an adversarial role against the OECD countries for restructuring of international trade, aid and financial arrangements which would be more equitable for the Third World developing countries. OPEC aid programs for non-oil low-income countries were an integral aspect of OPEC leadership and were alleged, by them, to be fairer and more effective that the DAC member development assistance efforts. All these issues were part of the NIEO North-South dialogue and negotiations of that period.

Q: Was there any dialogue with the OPEC countries?

WILLIAMS: Establishing a dialogue on the DAC experience with development aid was the object of my visits to the major OPEC countries. In each case, I introduced them to the DAC statistical methods for reporting on financial flows to developing countries, with a major distinction between commercial flows and aid - which the DAC standard defined as any financial disbursements which embodied at least a 25 per cent concessionary element relative to the going commercial rate of finance.

I welcomed OPEC members governments as donors in the common effort for Third World development, undertook to report on the levels of their aid efforts on comparable terms with those of DAC members, and to exchange comparative experience with them on the relative effectiveness of our respective programs. In these efforts, I gained the confidence and cooperation of OPEC governments in the area of development finance. In 1977, we initiated joint meetings in Paris of the OPEC and DAC donors under my co-chairmanship

with Minister Abdul Latef el Hamid of Kuwait. The practice of annual meetings to exchange experience among DAC and OPEC donors has continued to this day.

My second year at the OECD was fully occupied with seemingly endless North-South dialogue meetings, travel and consultations. In my third annual report as DAC Chairman, I assessed this experience. While most observers at the time saw the North-South dialogue as a dismal failure, I concluded that much had been gained from the dialogue and reported my views under the theme “new realism in North-South relations.”

My thesis was that despite appearances to the contrary, there was the basis for an emerging consensus from the North-South dialogue that: a) structural adjustment was foremost a matter of domestic policy by the developing countries themselves (rather than the NIEO's over-emphasis on external adjustment of the world economy), and that b): trade and aid assistance needed to be better adapted to helping the developing countries with their structural adjustment initiatives. I further spelled out that the adaption of development cooperation required to assist the poorest developing countries differed substantially from cooperation with the rapidly advancing, newly industrializing countries (NICs).

There was wide interest in my analysis of the twin pillars of the “new realism” - namely the primacy of domestic policy adjustment and the importance, and example, provided by the development experience of the NICs. A feature of the DAC Chairman's annual report on the state of development was the prospect of sensing emerging trends and - by elaborating them - appearing to lead development thinking. For several years I was considered to be fairly successful in this role.

My account of the “new realism” was hailed by the Government of the Federal Republic of Germany. Helmut Kohl, then leader of the opposition, gave a luncheon in Bonn in my honor, and I was the keynote speaker at a dinner sponsored by the German foreign policy

association. The report on “new realism” was translated into German and Japanese, as well as the usual French and English translations of OECD documents.

One aspect of my analysis in that period was to point out that the rapidly advancing developing countries, for the most part, gave priority to agriculture - as a basis for their industrial development - and that their production of food was ahead of their domestic food needs. Whereas for most of the developing world, the opposite was true, the relative neglect of agriculture was leading to increasing food deficits. At the United Nations World Food Conference in Rome, the DAC reported on the growing dependence of developing countries on food aid, and supported the importance of their increasing production of food.

During 1976 John Hannah, then executive director of the U.N. World Food Council, directed me to help raise the funds necessary to initiate the International Fund for Agricultural Development (IFAD). Hannah had been my boss as former AID Administrator and he continued to regard me in his deputy.

Q: Wasn't IFAD created by the World Food Conference?

WILLIAMS: One of the conference resolutions agreed that there should be an IFAD. However, it was left to the new World Food Council led by John Hannah to raise the funds necessary to make it operational, which was agreed to require at least a billion dollars, jointly funded by OPEC and DAC donors. Hannah said that he was stymied by a $40 million shortfall from the agreed target; if I could raise half from the DAC members, Hannah believed he could persuade OPEC donors to provide the remainder.

While the DAC Chairman was expected to strengthen the rationale for support of development assistance programs, he was not expected to engage in operational activities. However, I sent out a series of cable requests to DAC members, and within two weeks had assurances of an additional $20 million. Hannah took that assurance to OPEC

countries who matched it, and IFAD was launched. That was an unprecedented role for the DAC.

My 1977 report addressed the theme of basic human needs. I emphasized that the sheer scale of extreme poverty and mounting unemployment challenged social and political stability in the developing world, and that it was urgent to make basic needs the center-piece of development policies for assisting the low-income countries. I proposed that developing countries take the lead in preparing basic needs programs focusing on proposals for assuring adequate nutrition, safe drinking water, population stability, primary public health facilities and basic education.

One feature of my report was the observation that United Nations agency personnel over-staffed headquarter locations, and that 25 per cent of their numbers should be transferred to the field to assist developing countries in implementing basic human needs programs. Judith Hart, British minister for development, supported the proposal, but jokingly wondered if such reassignment of U.N. staff would set back field operations.

Again my report was well received. USAID Administrator John Gilligan commended it as “must reading” for all AID personnel. The Government of Sweden sponsored a series of lectures in Stockholm on the report, including my appearance before the Foreign Affairs Committee of the Swedish Parliament. The Swedes highly complemented the work of the Development Assistance Committee, observing that it had been instrumental in persuading the Nordic countries to join the common aid effort.

At about that time, Sam Adams, AID Assistant Administrator for Africa, asked me to organize a consortium of aid donors to work cooperatively with the seven countries of the Sahel of Africa. They had been severely afflicted by drought and famine, and there was international interest in helping them rehabilitate their economies as a basis for future food security. A key issue was whether the African countries themselves would join together

in a combined effort for regional development which, in Sam's view, would increase the prospect of sustained donor support.

I was reluctant to take on such an operational task, one which logically should be an African initiative. Sam Adams, however, was persistent in saying that the African leaders had great difficulty in agreeing among themselves and that only my prestige - as formerly President Nixon's coordinator for African emergency relief and now DAC Chairman - could persuade African leaders of the importance of a regional aid consortium.

Finally I agreed that if the U.S. and French governments would jointly finance a small staff in Paris for the endeavor, I would lend it my support and guidance. French support was essential for I didn't wish to appear solely as a U.S. agent. An office and initial operating fund was set up at the OECD; Roy Stacy was assigned by AID and Ann DeLattre was seconded for France. With their assistance, we developed a proposal for a Club du Sahel, as a new type of aid donor consortium, with a large measure of African staffing and direction. I then traveled in Africa to discuss this proposal with ministers of the Sahel.

At a meeting in Niamey of the ministers of the Sahel countries I made the proposal for a regional donor aid consortium. They were polite but said they lacked the authority to approve such a proposal. Basically they were not interested. They didn't like the idea of having to account to an organized group of donors; rather they preferred to deal with the donors one by one. I was later told informally that the vote against had been five to two.

Q: What were you trying to get them to agree to or accept?

WILLIAMS: A consultative arrangement in which the governments of the Sahel countries would join together as a group and meet with interested donors as a group in a common program of drought rehabilitation and development. Our idea was for a new type of donor association, not like the World Bank-led type of donor-dominated consultative groups, but one in which the recipient governments would be in charge of secretariat preparation and

actual meetings. It was a new concept at the time, one that later would be emulated by the conference of countries in Southern Africa.

My reply to the ministers in Niamey was that I understood that they lacked authority, and that I would place the proposal before the heads of state of the Sahel at their next meeting in Nouakchott, Mauritania. Fortunately, at that later meeting President Senghor of Senegal was in the chair. He understood the importance of a regional association of donors and fully supported it.

In a private meeting President Senghor said, “Tell me precisely what you need and I will see to it.” I replied: agreement for the Club du Sahel, sponsorship and date for its first meeting at ministerial level, an agreed agenda and a seconded African staff to begin preparations. President Senghor replied, “Fine, but you must assure me that donors will also attend at ministerial level.” He gained the approval of the chiefs of state, and Senegal undertook to host the first meeting in Dakar.

Our mission was a success; however, I was committed to persuading the DAC donors to attend the inaugural meeting of the Club at ministerial level.

Q: Did you find the donors enthusiastic about joining in something like this?

WILLIAMS: I started with the strong support of the U.S. and the French and I was able to obtain the support of most of the European members for a meeting of the DAC in Dakar. However, I had to move fast in lining up support, and I failed to reach the German Minister of Development Cooperation, Egon Bahr, before he issued a statement charging that I had exceeded my mandate as Chairman of the DAC. I had a real problem there.

Q: Why the Germans? You know that from my experience that's not an unusual German attitude. Why are they so restrictive?

WILLIAMS: I believe the Germans saw a French plot to gain increased European aid for an area of special French interest in Africa. The Germans at that time were sensitive to increasing French influence in the European community and to increasing French claims on the community's financial resources. In this sense, Minister Bahr saw me as lending myself to French interests in the Sahel; there may have been something in that.

At any rate, the Club du Sahel was launched in Dakar, most of the DAC ministers and heads of aid agencies did attend, and the meeting was successful. While the Germans did not attend the meeting in Dakar, they quietly lent their support at a later date. And the Club became something of an innovative model of recipient-donor collaboration.

Q: That was something of a new initiative too, meeting on the turf of a developing country rather than in Paris or Geneva?

WILLIAMS: It was quite a departure from normal practice; on the whole I believe the DAC members liked it. It was a period when developed country governments were pleased to show at least modest flexibility in North-South relations.

At that meeting in Dakar, government representatives wanted to make me head of the secretariat for the group. Of course I declined since that would conflict with my responsibilities as DAC Chairman. I proposed Ann DeLattre who became a permanent executive secretary at least on the donor side. Both Ann DeLattre and Roy Stacy were dedicated to the concept of regional cooperation and to a new approach to development cooperation. Their work with the Club du Sahel has been outstanding.

Q: What was this first meeting? What was the core of the agenda? What were you trying to get, agreement to an organization or was there a program?

WILLIAMS: There was a program of priorities as well as the setting up of an organization with a permanent secretariat. And there was the commitment of the donors to support rehabilitation of agricultural production and food security measures, beyond emergency

relief. What was agreed was measures for a stepped up development effort on the basis of enhanced regional cooperation among the Sahel countries. At the same time, it was recognized that the Sahel member countries did not constitute a natural regional economy; one had to look to inclusion of the coastal states for true broader regional planning.

Q: You didn't see it as a natural economic region?

WILLIAMS: While there were limited complementarities among their economies, they had many problems in common and there were advantages to their working together for mutual support and exchange of experience. Also, as small economies, there were some efficiencies in a commonality of effort, and in working together to mobilize sustained donor support. While initially skeptical, the Sahel governments became enthusiastic supporters of the consortium approach.

Q: Who were the prime leaders on the African side? You mentioned President Senghor.

WILLIAMS: The prime movers were the chiefs of state, and President Senghor remained active in that regard. The Sahel ministers of the Club continued to meet annually. In the intervening periods, there were many expert meetings. In the longer term, the Sahel countries did achieve modest improvements in social and economic development; most outstanding, however, were their cooperative measures for improved food security in the face of a harsh climate.

In 1978, my last year and fifth report as Chairman of the DAC, I reviewed the changing pattern of capital flows to developing countries. Whereas in 1973 official aid had been the dominant element, by 1977 private capital flows exceeded official flows of capital by a ration of two to one.

I also observed that despite large liquidity of capital in the world financial markets, much of it was not being as productively utilized as one might have expected. There was excessive

borrowing by many developing countries for non-productive consumption, and massive amounts of capital remained under utilized.

My report strongly urged that developing countries cease to postpone essential domestic structural adjustment by excessive borrowing. And that, at the same time, there should be stepped up programs for basic investments in the Third World in areas of energy, food, raw materials and related infrastructure. By putting stress on more productive investment of the then massive under-utilized savings, I concluded that it would be possible to ensure more adequate global production in areas critical to balanced future economic growth.

There was interest in these conclusions among OECD countries, and the report was endorsed by the OECD Council of Ministers. But the application of the report's recommendations were generally honored in the breech.

On my watch as DAC Chairman, official development assistance (ODA) had increased by 15 per cent annually to a level of $20 billion in 1978. The terms of aid also had improved to reach an overall grant element of 87 per cent. And efforts which I supported to increase assistance through multilateral agencies had been successful. Multilateral aid reached its highest level of 31.7 per cent in 1978 as a proportion of total aid. (The proportion of multilateral aid has since declined to below 20 per cent.)

Q: Were these multilateral organizations part of the DAC or involved ?

WILLIAMS: The Bank and the International Monetary Fund were observers and their representatives always attended DAC meetings.

Q: The regional banks were not observers?

WILLIAMS: The regional banks were not formally associated with the DAC. However, as Chairman I hosted informal annual meetings which brought together heads of international agencies with DAC ministers. These are known as Tidewater meetings because the first

meeting was held in Tidewater, Maryland. It was initiated by Ambassador Ed Martin, my predecessor at the DAC, and I continued the tradition.

Tidewater meetings were hosted by different DAC member governments, and provided an opportunity for off the record discussions with the Presidents of the World Bank and IMF and senior U.N. officials. Bob McNamara valued these contacts highly since his contacts at the World Bank were mostly with finance rather than development ministers. I generally had lunch with McNamara whenever I was in Washington.

One innovation which I introduced, and I did it over the objection of some of the Tidewater participants, was to include Third World leaders at the meetings. In this way Tidewater became a consultation of not only heads of bilateral and multilateral agencies but with representatives of developing countries as well.

Q: Who were some of the people?

WILLIAMS: Generally, leaders who were recognized spokes- persons for the Third World, such as Julius Nyerere, Gamini Corea then head of UNCTAD, I.G. Patel from UNDP and usually several prominent ministers from individual developing countries.

That gave the informal consultations an added North-South dimension. That practice has continued to this day.

Q: Why was there resistance of the DAC members to having a direct dialogue with the developing countries?

WILLIAMS: Mainly it was Bob McNamara who objected that it was going the diminish the value of the meetings. He may have been concerned that so much of the North-South dialogue of the period was rather sterile in terms of candor and fresh thinking. Also, in this work at the Bank, McNamara didn't lack contact with developing country

representatives, whereas he really valued the exchange with senior officials of other development agencies.

The first of these new style Tidewater meetings was hosted in Norway and the Third World participants immediately sensed the spirit of the Tidewater informality; all agreed it went well.

Q: Do you remember any of the major issues that came forward at some of the session? Were there formal papers or a report from these meetings or was it kept very informal?

WILLIAMS: I would propose a very brief tentative agenda which usually highlighted one or two issues from my annual chairman's report, and might also include suggestions by the host country government. Aside from that there were no formal papers presented, nor was there any record of the meetings as such. I might later circulate a brief note on an issue which seemed to point toward a consensus, but this was rare and not really expected. The value of the meetings were that they were off the record.

Q: And they were candid?

WILLIAMS: We generally met on a weekend and participants were entirely candid, no posturing or statements for the record. There were many problems related to development and it was a period of reappraisal and ferment. These informal meetings were considered by the participants to be quite valuable.

I also changed somewhat the structure of the annual meetings of DAC ministers and heads of AID agencies by hosting an informal breakfast among them before we got into the formal sessions with the papers prepared by the secretariat. Sometimes the informal meeting would last all morning. The staffs resented that I had captured their ministers, but ministers were delighted because they were free to exchange views with each other off the record and without the necessity to deliver immediately their prepared speeches.

These were among the innovations I launched as DAC Chairman: the funding of IFAD, the club du Sahel as a new donor consultative group, and means for consultation among ministers and senior officials both at Tidewater and in the DAC.

Q: Were there other opportunities where the DAC met with developing countries other than Tidewater?

WILLIAMS: I also introduced the process of inviting developing country officials to attend some of the DAC specialized working sessions. There was reluctance among DAC members to accept this procedure, but I insisted on it. We treated the developing country representatives as consultants and it greatly increased the value of the meetings.

I also proposed in my last report that for the annual review of each of the DAC member aid programs there should be three reviewers - the two normal peer members of the DAC plus a select development country representative. The draft of the chairman's report then went to all members of the DAC for comments. Normally these comments were narrowly addressed to questions of fact and interpretations of individual DAC member performance, changes that could be readily accommodated. The draft report would then be nominally approved by the OECD Council of Ambassadors. The DAC Chairman was given great leeway to express his personal views, although he was on a short leash, so to speak, since he was subject to annual election. This, however, was my final report.

The DAC Chairman's report traditionally has been issued on his personal authority and that has been respected. However, in this case the proposal for developing country representation in the review of DAC member programs was so strongly opposed as changing fundamentally the nature of the DAC, that although it was my personal report, and my prerogative as Chairman, I did not want to stand firm on a recommendation that clearly would not be implemented, so I took it out. The DAC was not ready to accept Third World review of the members' aid programs.

Q: Or to meet with the DAC except in working groups? And most of the donors were resistant to go any further than that in any interactive way?

WILLIAMS: Acceptance of developing country participants in working groups on specialized subjects on which they were consulted did not alter the structure of the DAC or its working relations among members. However, to include such Third World participation in peer review of DAC member programs would have been a truly major change.

The successive reviews of each DAC member's assistance program by two peer member countries - under the review of the DAC Chairman - is a well established process which is taken quite seriously, a process of peer review originating from the early experience of Marshall Plan assistance. Each member was expected to submit to a fully candid - no holds barred - critical review of its peers. The conclusion of these reviews would be on two levels: a press report balancing praise with encouragement for improvement, and a classified report which was more trenchant in identifying program weaknesses. The latter I would prepare, along with my own views as chairman, and send to the government of the reviewed country.

The DAC review process and exchange of experience was highly valued by member governments. I was often called upon to explain review conclusions. For instance, in Stockholm, when the Foreign Relations Committee of their parliament sought an exchange with me. Once the Swiss Ambassador called to assure me that a program weakness revealed by the review was being corrected. The Japanese were particularly sensitive to the reviews.

The DAC reviews were taken seriously everywhere except in the United States. I don't mean that it was without influence in the U.S., but it didn't have the same weight that it had with the European donors and with Japan. When my DAC report on basic needs came out AID Administrator Gilligan circulated it widely as recommended reading. So the

DAC had influence within the development community but it was not taken seriously by congressional politicians. Maybe that was expecting too much.

Q: That is interesting. There are some views that have been expressed, particularly after the initial period of the DAC when the U.S. was getting other donors involved - perhaps this was after your time - that the DAC was becoming less useful, less effective, or sterile in its operations. Is that your view?

WILLIAMS: The DAC may be less effective than it was earlier; nor is official aid as important as it had been. Perhaps the U.S. should have rotated the chairman's position rather than insisting it always be an American. Initially that made sense given the dominant U.S. role and experience in development assistance. Later other DAC members were willing to step forward and give leadership to the DAC, the Germans and Japanese, but they got little encouragement from us.

In the early 1950s and 1960s the DAC played an important role in mobilizing development assistance. Ambassador Riddleberger was the first DAC Chairman. As a career Ambassador he made an outstanding contribution by engaging the European countries and Japan; as their economies recovered they joined the common aid effort. For several decades we continued to urge increased aid, our own and others. Recently, as American interest flagged the concern of other DAC members has been to sustain U.S. engagement in the common aid effort.

I was the first DAC Chairman with field experience in development assistance coming from AID; that period of the 1970s was one of reappraisal and governments looked to the DAC for guidance on new directions. My successors, John Lewis and following him Rud Poats, brought tremendous development experience and prestige to the DAC, providing outstanding leadership on implementation of redirected aid policies and programs. If the role of the DAC has waned in influence, it must have occurred in the recent 1990s.

Q: Did you find that the DAC was an opportunity for the U.S. to influence the programs of other donors, and that they considered what they learned from the AID experience in development to be valuable?

WILLIAMS: Yes, definitely. The DAC was a transmission belt for American aid experience, which in the early years was preeminent. AID ran large programs in the developing world and its experience was both varied and extensive. Consequently, what we had to offer in terms of advice and case studies of country experience was considered by members of the DAC to be important. In a sense, the DAC acted as a quasi-independent agent for the extension of American aid policy.

Q: Now there is a question whether the need for something like the DAC is as critical as it was in the earlier period?

WILLIAMS: When the USAID was dominant in development assistance and a major innovator of new ideas and approaches, its leadership contributed to making the DAC a significant institution. In the current period, multilateral agencies, and particularly the World Bank and UNDP, have become the dynamic leaders in the development field. Also, private sector agencies - service and commercial - have become increasingly important in the transmission of development services, technology and capital. We are in an entirely new situation calling for different approaches and instruments.

Director of the United Nations World Food Council: 1978-1985

While I was in Paris with the OECD, John Hannah came for a visit, spending an overnight with us. His message to me was that I should replace him in Rome as Director of the World Food Council. My initial response was negative, pointing out that I was not an agriculturalist. Hannah had spent his life in agricultural extension and education; as president of Michigan State, he had transformed it from a small agricultural college into a

major university. He said my lack of direct agricultural experience wasn't as important as my background in development, and suggested I sleep on his proposal.

The next morning at breakfast, Hannah said, “Maury I want you to take this job, are you going to do it or not?” I reflected that senior positions at the U.N. are not easy to come by, often involving fierce competition among potential candidates. In this case, there already were two outstanding contenders for executive director, the British secretary of agriculture and a Bangladesh leader of the Group of 77 at FAO in Rome. Finally, believing it was a remote possibility, I said, “All right, if offered, I will accept,”

A month later I had the job as executive director of the ministerial U.N. World Food Council (WFC) with the rank of assistant secretary-general. I had been proposed by the U.S. to Secretary-General Waldheim who, in turn, directed an election of prospective candidates by the 36 member governments of the Council. The result was my election and appointment with Salahuddin Ahmad, the Bangladeshi who came in second, appointed as my deputy. The votes were two-to-one in my favor.

We moved from Paris to Rome and I began to direct the Council's small secretariat of about 18 persons in preparation for its forthcoming meeting in Ottawa, Canada. Our offices were located in one of the FAO buildings. The World Food Council had been set up by action of the U.N. General Assembly on the recommendation of the 1974 U.N. World Food Conference.

An independent World Food Council reporting to the General Assembly had been bitterly opposed by FAO, which as a fall-back position had insisted that the Council secretariat should be physically housed in Rome, in FAO. There was residual bitterness on the part of many of FAO's one thousand professional personnel in Rome (FAO's field staff was about 2,000) - and particularly by the FAO Director-General - who believed the Council should never have been set-up; the rivalry between the WFC and FAO was fierce.

Q: What was the reason for having a World Food Council as separate from FAO? Why was this so critical?

WILLIAMS: Interestingly, insistence on a ministerial world food council, independent of FAO, had been by the developing country governments. Major governments like Algeria and Brazil were the prime movers for an independent council at the World Food Conference. At that time, it was widely believed that the world was entering a period of major food shortages. There had been several years of widespread drought, world food reserves were at dangerously low levels, food aid had been based on surpluses which no longer existed, and food grain prices had tripled. Food deficit developing countries were severely affected and fearful of the future. In this situation it was believed that the world's institutions for dealing with food problems needed strengthening.

There was a lack of confidence that FAO - bound to narrow technical work - was up to dealing with these problems. FAO was seen as overly bureaucratic and weak in policy analysis. The mandate of the World Food Council secretariat - which I now headed - was to provide overall policy analysis and guidance to FAO and the other development assistance agencies. There was no doubt that this represented a black eye for FAO.

Q: Who were the members, the ministers of agriculture of the OECD countries or of all countries? What was it able to accomplish?

WILLIAMS: Since the World Food Council was an organ of the U.N. General Assembly it was concerned with the food policy and problems of all countries.

Membership on the Council, however, was limited to 36 countries on a regional constituency basis. There were nine African seats, eight Asian, seven Latin American, four for the communist countries, and eight for Europe and North America. Countries were elected to the Council by the U.N. General Assembly on a rotating basis, except that the U.S. and Soviet Union were accorded permanent seats, although without veto power.

Representation was mainly by ministers of agriculture, although ministers of development cooperation also supported the World Food Council and the United Kingdom was consistently represented by its development minister. It was the interest and support of the development assistance agencies - bilateral and multilateral - which made it possible for the WFC's secretariat to be reasonably effective. The development agencies regularly provided additional financing and seconded personnel to assist the WFC. Certainly my background as a former DAC Chairman and my extensive contacts in the development community was helpful.

The WFC was conceived as a world food security council, and we adopted a broad and all-embracing concept of food security as the primary focus for the Council's work. FAO conceptually had defined world food security in the narrow technical terms of national food grain stocks - and, globally, as a proportion of available stocks to world market demand. The World Food Council in its 1980 meeting broadened the concept to include not only adequate stocks of food, but assets, entitlements and earning activities for people to meet their basic food needs.

Thus, additional to expanding food production, equal attention was required on the demand side to ensure acceptable consumption levels for the poor and undernourished. The means proposed by the WFC to realize this goal was national food sector strategies which became the focus of major advocacy and consultations with developing countries by the Council.

These food sector strategies differed significantly from conventional planning for agricultural development by integrating food production, food security, and adequate consumption and nutrition. Simply stated a national food strategy or policy must tackle the crucial problem of improved incentives to increase production of food crops in ways which protect the access of consumers and broadly expand their effective demand for food on an integrated basis.

While this approach to food security is now conventional wisdom in the development community, it was a conceptual innovation and breakthrough in the 1980s. The World Food Council mobilized development assistance agencies in support of the efforts of developing countries in the formulation of food policies and strategies. Resources for investment in food and agriculture doubled in the decade following the World Food Conference.

The World Food Council by its example and the stimulus which it provided can also be said to have contributed to a revitalization of the work of FAO. This was an important accomplishment, for it is seldom that a small policy staff can change the direction of large and deeply entrenched institutions. Working together FAO and the World Food Council strengthened a number of emergency arrangements, both to meet emergencies and to attempt to bridge the gap between immediate needs and the realization of more self-reliant food production in developing countries.

My message during my seven years with the World Food Council was that “food and a sound rural economy are essential for development”, and that over-emphasis on industry to the neglect of agriculture has adverse effect on the development progress. It was a message which I spread widely in speeches, conferences and publications. Most of the countries of Asia and Latin America have adopted this approach and shifted their development priorities accordingly. Most African countries have been slow to make the transition and continue the strong anti-development capital and urban bias in their national policies.

In retirement since 1985, I have continued to speak and write on issues of development policy in studies for the United Nations, for the Washington-based Overseas Development Council (ODC) as a senior-associate, and former president of the Society for International Development (SID). Recently, I teach and provide guidance on international development

to students as a member of the Academy of Senior Professionals at Eckerd College, St. Petersburg, Florida.

Observations on U.S. foreign aid and international development

Q: Lets pause now and take the really long view. You have been involved in the development business for many years, almost from the beginning, with development strategies, development policies, and so on. Some people would argue that development assistance hasn't really done any good. Do you see any results from what we spent this money on? Is the world a better place because of foreign assistance, and how would you put that in more concrete terms? Or has it not met the problems, because we still have all these big problems, more poor, more of this, more of that? How would you perceive U.S. foreign assistance and the AID role in terms of its long-term impact on world development?

WILLIAMS: As the dismantling of the colonial empires of our European allies proceeded in the 1950s and 1960s, there was no practical alternative to providing technical and economic assistance to the newly independent countries. How else could an advanced country like the U.S. have established meaningful diplomatic relations with them without expanding their opportunities for self-betterment and advancement. Recall also that the U.S. actively urged decolonization.

However, the task of accelerating development of countries with traditional societies and values was far more difficult than reconstruction of the economies of war shattered industrial countries like those of Western Europe and Japan as we soon came to realize.

Foreign aid for social and economic advancement of less developed countries is a difficult instrument in application. Unless it is applied in the context of building self-reliance, and firmly insisting on the reforms that make progress toward self-reliance possible, foreign aid easily slips into building-in dependency, which overtime can be exceeding counter-productive.

There is no doubt that the Cold War competition with the Soviet Union, and the challenge which communism posed as an alternative system of development, had a distorting effect on U.S. foreign aid objectives and practices. The use of foreign aid for short-term political objectives has a different dynamic from the application of aid for self-reliant development. When U.S. objectives were narrowly political, encouraging dependency was of less immediate concern, and in some cases even seemed desirable. For example, we don't seem to mind continuing Egyptian dependence on large-scale American foreign aid, however disadvantageous that may be for Egyptian economic development.

The large-scale foreign aid programs of the 1960s for building alliances, and the containment of the Soviet Bloc, sought to mix both short term political advantage with longer-term development objectives. For a time we convinced ourselves that we could have it both ways. However, the use of single instruments for diverse multiple purposes creates confusion and seldom works well. An important advance in the use of foreign aid was made in the 1970s by clarification of U.S. foreign aid policy objectives with adoption of separate components for support of political purposes distinct from essentially development objectives. That bifurcation continues to this day. Evaluation of returns on the use of foreign aid for political advantage is nearly impossible, being subjective for the U.S. policy officials involved. It would be easy in such cases to suspect wasted resources.

These things being said, the world clearly is a better place as a result of the development programs of the U.S. and its allies in the common foreign aid effort. Important has been the expression of solidarity with the low-income countries in helping with measures for addressing extreme poverty. One has only to recall how few educated people there were in African countries at the time of their independence. It was in areas of education and health programs that foreign aid made its most significant contribution. A whole generation of leaders have been trained, both for government and in the private sector, along with a tremendous transfer of specialized sectoral skills resulting from the combined donor aid programs.

Conditions in developing countries have greatly improved; advancement in education, health and nutrition is a political fundamental. What people want for their children is better education and health. Where we were able to help countries that were determined to help themselves, foreign aid has been immensely successful. That applies to most of the Asian countries and a number in Latin America. Where objectives have been confused and policies inconsistent, by either donors or recipients, the returns have been less dramatic.

Despite uneven economic growth of the last decade or so, the developing world has experienced continuous improvement in the quality of life of its people, for example, even in sub-Saharan Africa taken as a whole, life expectancy has advanced from 46 to 51 years and infant mortality has declined by one-fifth during the 1980s. This does not give cause for complacency since levels are still very low, and with improved growth, much more could be accomplished. But it does indicate how little it would take to make a big difference. Sorting out the problems of the poorest requires more time and more consistent efforts, including dealing with issues of population increase and environmental problems.

Q: Have you perceived that AID and its role in foreign assistance has been something of a pioneer in identifying major development issues? Where would you see that as being most significant?

WILLIAMS: I believe we were the pioneers in that many of the issues discussed above, and that these and related questions of performance, were brought to the fore directly by the experience of the American foreign assistance programs. The emphasis on self-motivated reforms in relation to self-reliant economic progress, the role of women in development, the critical importance of human resource development in education and health and nutrition - these were all early and central features of AID programs and that experience remains valid for future development.

Q: Also population and environment I support?

WILLIAMS: We were among the pioneers in population work, although we backed away from it during the Reagan period. It is still somewhat controversial in our domestic arena among people who call themselves the moral majority.

We have been slow to come to grips with environmental issues, as were most of the development assistance agencies. The world is still struggling to define the nature of environmental threats and what sustainable environmental development means in operational terms for the future.

Q: How would you sum up the priorities and issues that the development system needs to confront in the coming decade?

WILLIAMS: I believe that large transfers of public capital assistance are coming to an end; they have served their term. We began aid programs for the developing world in the mid-1950s under the principle “Do not use public funds when private funds can do the job.” We got diverted from that principle during the Cold War into using state instruments for development in competition with the communist countries. We are still working out the most effective use of private sector instruments for providing development services, technology and capital.

At the same time, the development assistance agenda has broadened to include a reemphasis on issues of human rights, social and economic, as well as civil. And women's rights are fundamental to human rights as well as to social and economic development. Good governance issues are now much more openly to the fore than had been thought possible earlier. Self-conditionality by developing country governments for reforms and structural adjustment remain core issues. All of these require carefully nuance forms of assistance collaboration among developing countries and those that seek to help them.

Many of the critical problems today in environment, proliferation of weapons of mass destruction, emigration and population management can only be effectively dealt with in a multilateral context with cooperative efforts among nations.

Increasingly we see the need for more effective governance in parallel with the development of a more vigorous civil society of concerned citizenry, both nationally and globally. We are in a transitional period. Aid will still be important but in a new multilateral context of common problem solving and cooperative action.

Q: Great. That is very interesting and an excellent recitation of your experience.

Attachment

Healing the Wounds of War with North VietnamFirst the Big Stick, Then the Big Carrot

On my return on January 6, 1973 from Managua where I directed U.S. emergency assistance after the devastating earthquake, I met with President Nixon and briefed the White House Press Corp on the American relief effort. The White House was seeking to focus public attention on the President's humanitarian concern for the disaster stricken people of Managua at a time when the U.S. Air Force was engaged in the massive bombing of Hanoi.

The Christmas bombing of Hanoi had followed closely Henry Kissinger's assurance to the American people that “peace was at hand in Vietnam”, an announcement which was believed to have been a significant factor in Nixon's reelection that November. With the ensuing escalation of the Vietnam War, the American public was understandably confused, the “peaceniks” were outraged, and the White House Press Corp was adamantly seeking answers on our Vietnam policy. What they got that day instead was me explaining our efforts for emergency relief in Nicaragua. The Press Corp definitely was

not waiting to hear more about Managua and their reaction when I appeared in the briefing room was one of disbelief, it not outright hostility.

The meeting with President Nixon - just prior to my facing the press - was intended as a photo opportunity with the President reading my report while I sat facing him. The photo made the front page of the Washington Times under the caption “Going Like Sixty”, for it was the President's sixtieth birthday.

Nixon was in a deeply pensive mood; Managua did not seem to be much on his mind. My only comment was to compliment the U.S. Mission in Nicaragua—Embassy, AID, the military—for their outstanding performance in response to the disaster. Nixon replied that personnel abroad seldom received recognition for their service. I later learned that the Ambassador and his staff in Nicaragua were awarded a Presidential medal for their performance during the earthquake.

Several weeks later the press finally got a major news break with the signing on January 27, 1973 of the “Paris Agreement on Ending the War and Restoring Peace in Vietnam.”

Along with the dramatic announcement of the impending withdrawal of American military forces was the declared intention of the U.S. Government to provide economic assistance to North Vietnam to “heal the wounds of war.” It was announced that a Joint Economic Commission was to be set up between the U.S. and the Democratic Republic of Vietnam (DRV) to recommend a program of economic assistance.

Since the Administration was under Congressional pressure to reduce foreign aid, the bureaucratic assumption was that a multilateral effort led by the World Bank would be in order. The World Bank circulated a paper which estimated that reconstruction of North Vietnam would require a five year program of external aid averaging $570 million to $630 million annually, directed first to emergency aid and then to reconstruction and development. The Bank assumed that the U.S. and Japan would be the principal donors with perhaps ten other countries participating. The Bank was ready to mount a Bank

Mission to Hanoi on two weeks notice. (U.S. economic supporting assistance to South Vietnam in 1972 was $627 million.)

As I was leaving to review initial reconstruction efforts in Managua, Henry Kissinger asked me to consider how an aid program for North Vietnam might be structured. While inspecting housing projects and discussing aid requirements in Nicaragua, my thought were on the shape of a USAID program for North Vietnam.

From Managua I went to Costa Rica to attend a SID Conference on Development hosted by Oscar Arias, then Minister of Economic Planning. The conference was held in the baroque opera house which is the pride and civic center of the San Jose. My friend Paul Marc Henre was SID President and Barbara Ward - the Honorary Chair of the Society - delivered the keynote address. It was her last major public appearance before dying of cancer.

From San Jose I dispatched a cable to Henry Kissinger. In ten paragraphs I outlined Terms of Reference for the proposed U.S.-North Vietnam Economic Commission. The program should seek to redirect the resources of the DRV to meet the immediate needs of its people, to turn the economy to peaceful ends, to phase U.S. assistance to DRV performance on cease fire obligations, to be self-enforcing with minimum external supervision, and to maximize American public understanding and Congressional support. It also should be susceptible to fitting into a multilateral framework to encourage aid from other countries.

On returning to Washington I learned that I had been designated to head the U.S. Office of the DRV-U.S. Joint Economic Commission in Paris. The Commission would have the status of a separate diplomatic entity, would be expected to meet regularly, and its decisions based on unanimity between its Vietnamese and U.S. Heads would be in the form of recommendation to their respective governments. The first meeting was scheduled for March 15, 1973.

My initial briefing was by Kissinger who said I should envision a USAID program for North Vietnam of up to $4.75 billion over five years, which should be technically feasible and subject to full presentation and accountability to the Congress. Most importantly, it should be designed to assure Vietnamese compliance with the Peace Accords.

“You have got to be kidding!” I said, expressing my disbelief that a program of that size would be feasible and acceptable to the American public and Congress. Kissinger's reaction was immediately to arrange for me to see Nixon so that I could “get the word directly from the President.”

In a private meeting Nixon told me that the offer of American aid for healing the wounds of war under Article 21 of the Paris Peace Accord had been essential to obtain agreement for disengagement of American forces and release of American prisoners of war held in Hanoi. He pointed out that it was traditional to secure peace by helping with the reconstruction of former enemy states as we had with Germany and Japan. Also, it was American policy, first announced by President Johnson, that as part of a peace settlement, the U.S. would contribute to reconstruction for Indochina.

The President called me “the Herbert Hoover of our time”, referring to Hoover's role in the reconstruction of Europe after the 1914-1918 war. Nixon said that he had consulted with key Congressional leaders and believed they would support aid to North Vietnam if it contributed to peace. I assured the President I would do my best.

As I left the White House, my reflection was that the Christmas bombing of Hanoi was the “big stick” and the offer of massive aid the “big carrot” which, together, had brought the leaders of North Vietnam to accept the Paris Accords. Even so, information from the Soviets implied that the DRV Central Party Committee had divided on the issue of ending hostilities and that the decision to accept the Peace Accords had been adopted by only a narrow margin.

President Nixon's offer to extend grant aid to “contribute to post-war reconstruction in North Vietnam without any political conditions”, in line with Article 21 of the Paris Accords, was made in a February 1, 1973 letter to Prime Minister Pham Van Dong. The Nixon letter proposed $3.25 billion in grant aid and “the establishment of a Joint Economic Commission to develop programs for the U.S. contribution to reconstruction.” That offer was further sweetened by an addendum which stated that “other forms” of U.S. aid on a reimbursable basis “could fall in the range of $1 billion to $1.5 billion depending on food and other commodity needs of the Democratic Republic of Vietnam”.

A second addendum to President Nixon's letter of February 1 stated that the recommendations of the Joint Economic Commission “will be implemented by each member in accordance with its constitutional provisions”.

While the general undertaking by the U.S. to provide aid for reconstruction was part of the widely publicized Paris Accords under Article 21, the exchange of letters by President Nixon and the DRV Prime minister—and the levels of aid specified—was a closely held secret by the Administration, kept form both the public and Congress.

Following my meeting with the President, there was a succession of intensive briefings preliminary to my departure for Paris:

—CIA study of the North Vietnam's economy and trade pattern concluded that the absorptive capacity for external aid was on the order of $2.5 billion over a five year period.

—Secretary of State William Rogers observed “there would be one hell of a fight on the Hill” over aid to North Vietnam. He believed a multilateral consortium led by the World Bank would be essential with Japan in a prominent role. State would handle the liaison with the Japanese, he said. Rogers gave me a pre-game style pep talk —”we're in this together and we will see it through shoulder -to-shoulder.” He asked me to keep him informed on the progress of the negotiations by regular cable reports.

—William Casey, then State Under-Secretary for Economic Affairs, understood the importance of bilateral aid for maximum U.S. influence. He correctly predicted that my problem would be to gain some measure of verification for an essentially commodity import program. Casey observed that I would find myself in a “politically dangerous position” when it came to presenting a request for aid to the Congress, and warned, “Be careful Maury”. Williams Casey would later visit me in Paris for a personal reading on the progress of the negotiations.

—Ambassador William Sullivan—who had worked directly with Kissinger in the negotiations—briefed me on the means of direct “back channel” reporting to the While House, on the North Vietnamese style of negotiation, and on staff support in Paris. He said that so far in the negotiations “no role for the World Bank had been specified”. He believed that what was called for was “U.S. source aid with acceptable means of follow-up.” Sullivan was in high spirits and may have been relieved that it was I rather than he who had the task of working out the aid package with the North Vietnamese.

Robert MacNamara, then President of the World Bank, did not seem particularly eager to engage the Bank in the reconstruction effort. His main concern at that time was U.S. support of additional funds for IDA, the Bank's soft loan window. In any case, he observed, “As a small country of 20 million people, North Vietnam was not likely to require much aid”.

Elliot Richardson, then Secretary of Defense, believed that economic aid for North Vietnam would only be possible to the extent that it could be shown as coming from savings in reduced U.S. military operations.

Henry Kissinger, in a final meeting on March 14 was in a jocular mood. He said I would now pay for “my sin of having been so pro-aid to India”. (Referring to my earlier role in the Johnson Administration of having defended aid to India.)

Kissinger spoke of “what we do and don't care about in these negotiations”. The emphasis should be on a humanitarian obligation and the aid model should de-emphasize the presence and number of U.S. technicians. Our political objective was Vietnamese performance on the Accords. On multilateral and bilateral aid language, he advised me to respond with vagueness and minimize thoughts of any intrusive U.S. presence.

On tactics and timing he said “leveling with them” was to be avoided—it never works since they only take “what's offered and then reach for more.” He advised me to be “blunt and firm and friendly and sit it out until they move”. Kissinger said that Bob Mossler - who would join me in the Paris - had a different approach as AID Director in South Vietnam; he would level with the South Vietnamese, but that approach would not work with the North Vietnamese.

Kissinger went on to say that despite difficulties, he believed we were in “a hopeful position”. Initial sounding on the Hill indicated that aid may be possible if two conditions were met, namely release of American prisoners and a cease fire and withdrawal of North Vietnamese troops from Laos and Cambodia.

As to “philosophy for work” Kissinger advised, “Get their requirements for reconstruction and go over them in detail, project by project. This will take time and may take you to Hanoi”. The level of U.S. aid proposed by an exchange of letter between President Nixon and the Prime Minister of Vietnam is to be closely held under all circumstances. The figure should not be revealed in Commission meetings or otherwise, nor should I countenance any suggestions that American aid is offered as reparations. If efforts are made to place such information in the record, “you should immediately adjourn. These are matters which should only be discussed privately between you and the Head of their delegation.”

Kissinger said that the North Vietnamese view of the world is that they can play-off the three great powers—the Soviet Union, China and the U.S. “They deprecate the United States, but they are xenophobic toward all three,” he said.

What was the Rationale for Massive Aid to North Vietnam?

In the coming six months of negotiations with the North Vietnamese I would ask myself why such large aid, for what objectives and how would we know success?

This was not intended as a development program although some economic development might result. Rather U.S. objectives were political. President Nixon had spoken of the disengagement of American forces and release of American prisoners, but that objective was achieved within weeks after the January 27th signing of the Paris Peace Agreement. The American prisoners were home in late March and our forces withdrew rapidly.

Henry Kissinger in briefing the U.S. staff of the Joint Economic Commission and at a press conference said that the U.S. objective is “to develop a constructive working relationship with the DRV and in so doing offer them an incentive toward a more peaceful evolution” and that we give the DRV the impression that we are serious in restoring economic relations, including reconstruction, but “the U.S. will pay nothing in reparations”. These are generalities which mask as much as they reveal.

What Henry Kissinger really sought was to stabilize the balance of forces between the North and South Vietnam in such a way that the South would survive the withdrawal of U.S. forces. Since the North had more than held its own, in the political and military struggle, with a U.S. army fully engaged - then special measures were required to ensure that U.S. withdrawal left a militarily viable South Vietnam. Then the U.S. government could claim it withdrew with Honor. The almost $5 billion U.S. aid commitment by Nixon/ Kissinger to the DRV was one of those “special measures”.

Perhaps the most difficult part of this policy of U.S. withdrawal was convincing the South Vietnamese command structure. For in an effort to win the war - short of obliterating the North - the military and economic apparatus of the South had been thoroughly Americanized by President Johnson and his defense secretary, Robert MacNamara,

who built the level of American forces in Vietnam to 500,000. Bolstering the South for U.S. withdrawal required a whole array of special and sustaining measures, that are well beyond the scope of this account.

But the key to the Nixon/Kissinger foreign policy both, globally and in Vietnam, was achieving a balance of power by whatever means, and it is in these terms that the carrot of massive economic aid to the DRV must be understood.

Opening Negotiations on Two Tracks

The meetings of the Joint Economic Commission were held at the Avenue Kleber Conference Center which had formerly been the historic Majestic Hotel. An elegant architectural structure, I first knew the Majestic as the Supreme Headquarters of the Allied Expeditionary Force after the liberation of Paris in 1944. Before that it had been the headquarters of the German Forces occupying France.

The first meeting of the DRV-US Joint Economic Commission (JEC) on March 15th opened with some fanfare. There was a gathering of the press and the flashing of cameras as the respective delegations drove up in official cars. Moving briskly to the conference room, I sat at a long table opposite 20 members of the North Vietnamese delegation, headed by the Minister of Finance, Dang Viet Chou, a fatherly-appearing figure in his early sixties. He was supported by Nguyen Co Thach, Deputy Minister of Foreign Affairs (later to become Foreign Minister), and Le Khac, Deputy Head of the Planning Commission. It was an impressive lineup, indicative of the importance the DRV placed on American reconstruction assistance.

Minister Chou had been an early member of the communist resistance in Vietnam but not a member of the Party Central Committee. As we eyed each other across the table, I thought of the succession of senior positions Chou had held in the Ministry of Foreign Trade, Planning Commission, the State Price Commission.

Comparatively, the U.S. delegation was lightly staffed, numbering six on our side of the table. In addition to myself, there was Donald Syvrud of Treasury, Robert Mossler from the AID Mission in Saigon and William Marsh for State.

After a formal exchange of greetings, I made brief opening remarks in an optimistic vein, that our objective was to help heal the wounds of war and that in the right framework of peace the United States was prepared to be generous in application of American technology and resources for reconstruction.

Minister Chou followed with a lengthy and detailed presentation of the political and moral basis for American aid to North Vietnam. He described “the widespread destruction and untold suffering inflicted by the tonnage of bombs and shells the U.S. dumped on our land and people...that is four times bigger than the tonnage of bombs and shells dropped by the U.S. in World War II.” Almost no farmer's field had been spared from bomb craters, he said. Chou outlined the main features of the destruction and needs for restoration in five sectors: industry, agriculture, transport and communications; reconstruction of houses and public utilities in towns and villages; and the urgent economic needs for food and materials to stabilize economic activity and people's daily lives.

Minister Chou's opening statement went on to his government's view on the JEC's work program and calendar. The task ahead was to confirm the total aid agreed between the DRV and the U.S. and to divide it into five annual segments of equipment, commodities and factories according to requirements identified by the DRV. Of the total aid, 25 percent was to be provided by the U.S. in cash for procurement of equipment and goods from third countries, with the remainder to be delivered from U.S. sources. Further, the U.S. should assure that the value of total aid not be diminished by fluctuations in dollar parity.

As to the working calendar, Chou said that Henry Kissinger and Le Duc Tho had decided in Hanoi that the Joint Economic Commission would reach agreement on the specific equipment and goods by sector to be financed by USAID over the five years, and for each

year, and on the modalities for implementation of the program. This agenda was to be completed in 60 days from March 1st, 1963 - which Chou said was when the JEC was to have held its first meeting.

After this weighty presentation, we adjourned and I hosted the Vietnamese delegation for lunch. Conversation at lunch was stiff reflecting clear resentment from the recent U.S. bombing of Hanoi. “Why did you bomb us when the negotiations on the Peace Accords were well advanced,” Chou asked accusingly. There was a view that the Christmas bombing of Hanoi had been more to convince the South Vietnamese leaders to support the negotiated peace and to help counter their fears that the peace agreement up to that point had favored the North.

Minister Chou clearly had set out the DRV's view of the agenda for the economic track of our negotiations. A second political track would seek to link the prospect of aid to compliance by the DRV with the military provisions of the Peace Accords.

Meeting at Gif-Sur-Yvette

The next day I met with minister Chou and Deputy Minister Thach in a private house in Gif-Sur-Yvette, a suburb of Paris, which had been where Henry Kissinger and Le Duc Tho had conducted much of the negotiations leading to the Peace Agreement. The house was considered secure in that before each meeting, it would be swept clean of bugs. One had a sense of being in a historic place where great decisions had taken place, a sense which Thach verbalized.

Minister Chou said he welcomed private meetings since the substance of our discussions could be broader. During the course of my entire negotiations with the North Vietnamese on aid, the Joint Economic Commission was to meet 15 times and there would be 27 private meetings. (Additionally our staffs held 19 technical discussions.) The real nut-cutting of negotiations was done in private sessions between Minister Chou and myself.

I opened the discussion, as instructed by Henry Kissinger, by expressing our grave concern over the continuing violations of the Peace Agreement by the DRV. The articles of the Peace Agreement were indivisible and unless the DRV adhered to all the provisions, we did not see how they could expect the U.S. to proceed with a program of aid for peaceful reconstruction — which they claimed they sought to implement with our help.

In particular, the recent massive infiltration of military equipment and men into South Vietnam was a clear violation of Article 7 which only permitted the replacement of military equipment and personnel on a one for one basis. In other private meetings I would press the issue of adhering to provisions of Article 20 for a cease fire and withdrawal of DRV troops from Laos and Cambodia.

I said, on instruction, that it would be a great tragedy if we misunderstood each other on questions of compliance. Continuing these violations and miscalculation on their part could lead President Nixon to a response similar to the U.S. response of December 1972. (When the U.S. bombed Hanoi.) On the other hand, if they truly sought to establish peace and to reconstruct their country they would find us helpful and the work of the Joint Commission would prove fruitful.

Thach responded with feeling that the U.S. had made a big mistake in December 1972 and that the Vietnamese people were not easily subdued by force. He then suggested we break for tea.

Thach was a coldly disciplined negotiator and a virtual archivist of past discussions between Le Duc Tho and Henry Kissinger. “That point had been brought up earlier and rejected,” Thach would say, quoting chapter and verse of the past record. I gradually gained an appreciation of what Kissinger was up against and had achieved. Thach seemed more an automat than a human being. In response to my saying that I enjoyed walking the boulevards and gardens of Paris, he replied that was an “inefficient way to exercise”.

Chou also was disciplined but seemed a more human person, one whom I could imagine missed being away from his home and family. He seemed truly interested in securing the peace and in economic development; he told me on one occasion that “it was hell to be minister of finance during war and see the waste of resources.”

Note on the Nature of the Peace Accords

There were miscalculations and “technical” violations of the Peace Accords on both sides. Essentially the negotiated peace of the Paris Agreement was in the nature of a truce which hopefully could be solidified and extended into a stable peace. In Vietnam this involved a “cease fire in place”, the release of all prisoners, and the forces of each side agreeing to a standstill in the armaments and territory they held at that time. That meant that the forces of North Vietnam retained a number of territorial enclaves in South Vietnam - which some journalists called the leopard's spots from the way they appeared on a map.

As mentioned above, the cease fire was to facilitate the withdrawal of American armed forces. In the process both the South and North Vietnamese sought to stabilize their respective defenses by stock piling and upgrading arms, the North with tank movements said to carry “civilians” (which was the concern of the above mentioned private meeting), and the South by a substantial build-up of their air force with U.S. collusion.

In Laos and Cambodia, the Peace Agreement called for a “cease fire” with the withdrawal of North Vietnamese troops, but the process by which this was to be accomplished had not been fully detailed and apparently was somewhat ambiguous. The North Vietnamese claimed that their withdrawal of troops from Laos depended on prior agreement with the Laotians on setting up a coalition government - which they stood to control. This was not in keeping with the U.S. understanding, and Kissinger found it an “outrageous” interpretation of what had been agreed. Hence, his objective was to link the prospects of U.S. aid with an unequivocal withdrawal of DRV troops from Laos and Cambodia.

Round & Round the Wheel of Fortune Goes, Where Will It Stop?

Meanwhile, Minister Chou and I sparred round and round over our respective approaches to aid and quickly arrived at an impasse. He sought to nail the content and level of an entire five year program of aid, with amounts apportioned by years and sectors, before being willing to consider the first year program. My instructions were just the opposite: develop a first year program and avoid the specifics of five year assistance. Also, Minister Chou repeatedly sought agreement that 25 percent of the total aid would be in cash for import of goods from third countries. My objective was to minimize a cash component.

Minister Chou presented us with a seven page detailed listing of their aid requirements for equipment, raw materials and projects along the lines mentioned in his opening statement. He refused to discuss with us their requirements in terms of priorities, technical feasibility and capacity for use. It was only for the U.S. to declare what it would provide of the goods on their list and on what schedule.

Their stated requirements envisioned a vast modernization and expansion of the economy, well beyond reconstruction. The value of their request in U.S. prices was about $9 billion, well over the $4.75 billion of aid promised by Nixon/Kissinger. That they overshot the mark to such an extent is due in large part to the difference in pricing between communist command economies - with its price distortions and subsidies - and a market economy like the U.S. Even so, they clearly sought to make up for the losses of the last ten years of war. At the same time, they reflected confidence in the DRV's ability to make effective use of all the aid requested.

While we had conditioned the DRV delegation not to speak the word “reparations”, it was clear that their view of our aid relationship was basically just that. They were of the opinion that economic assistance was their “due” as a result of the bombing and other military action and that the U.S. had a “moral commitment” to “heal the wounds of war”.

An Agreement on Principles, Functions and Working Procedures

In an effort to get beyond the difficult impasse confronting us I proposed a set of broad principles as a basis for guiding our work. This turned out to be helpful and extended our mutual education.

While we had no problem agreeing that “The DRV and U.S. will work on the basis of respect for each other's sovereignty, non-interference in each other's internal affairs, and equality and mutual benefit”, they objected to the principle that a measure of normalization of economic relations between the two countries would be an essential part of the program of reconstruction “in order to transfer resources and technology effectively”. The U.S. obligation to provide aid under Article 21 of the Peace Accords did not extend to normalization of relations which they saw as a separate issue.

Minister Chou also objected to my statement that economic assistance would be planned to meet the “specific needs, priorities and capacities of the DRV and its people”. Determining priorities, DRV capacities and how they used the aid they said was entirely an internal affair not susceptible of discussion by the JEC. Nor would the DRV provide any information on the contribution of other donors to their reconstruction program so that U.S. assistance could be placed in “the context of total needs and availabilities”—which is a normal requirement of USAID presentations to Congress.

Any suggestion of a multilateral approach to aid also was rejected by Minister Chou as an infringement of DRV sovereignty. On this they apparently were conditioned by how the Soviets managed their aid and trade relations with countries of Eastern Europe - a process form which the DRV consistently held aloof.

As we proceeded slowly to evolve a program of U.S. aid for North Vietnam, I found myself in a double bind. The objective of the aid enterprise was to maximize influence and incentives toward a more peaceful evolution of DRV policies. This meant U.S. practices

of technical feasibility and accountability. At the same time, I knew that any aid for North Vietnam would have to be fully justified to a Congress which, far from being flexible, was certain to be hostile to the whole enterprise and demanding of rigorous assurances of peaceful uses and accountability.

My entire experience as an AID administrator had been to relate aid policy and program decisions to the test of whether it was defensible to potential Congressional and public inquiry; aid to North Vietnam would be a severe test.

I undertook a series of educational briefings for the DRV delegation on U.S. Constitutional processes, our normal practices in the assessment and accountability of aid, and that Congress - not the President - was the final authority with respect to ultimately deciding on any economic assistance program.

The North Vietnamese were amazingly well informed on American public opinion and the anti-war movement, but they had difficulty in accepting that President Nixon couldn't simply order aid for reconstruction even as he ordered military operations. (They were partly right; President Nixon had reserve funds which could be used to begin implementation of the aid prior to authorization by Congress, according to Henry Kissinger.)Since my cable reporting to the State Department was being passed to Congressional leaders - according to William Casey - I was conscious of the importance of building a record for future Congressional support. But, I also was sending separate reports on the White House “back channel”, and the focus here was on concessions to influence the North Vietnamese policy. “Include the steel mill they want” was one instruction in this vein. In effect I was engaged in double reporting in my almost daily cable reports to Washington - along with concerted efforts to move the whole process forward. Those work days extended to 10 or 11 o'clock in the evening before leaving the office for supper.

After several weeks of intense discussions Minister Chou and I agreed on the “Principles” document entitled “Principles, Functions, Organization and Working Procedures of the

DRV-US Joint Economic Commission". It was a mix of the original terms of reference for the Commission, working procedures, general exhortations and agreed language on general principles; it was essentially an internal working document. In early April we would both sign the document on behalf of our respective governments, although I refused their request to photograph the signing.

Nevertheless, the DRV delegation was all smiles and Minister Chou now agreed to joint Technical Meetings for review of the DRV aid requirements for reconstruction - but only by economic sectors as they related to the five year program, not by specific projects. These technical discussions were conducted by Bob Mossler and Le Khac, the Deputy for the DRV Planning Commission. As they began their work, I returned to Washington on March 28th for a few days.

When I met with Henry Kissinger, he laughingly mimicked the intonations and phrases of the North Vietnamese. We reviewed the state of play in the negotiations, and the following day Kissinger briefed Congressional leaders on progress in implementing the Peace Agreement. Generally, it was a favorable report: American prisoners had been released by Hanoi; while fighting continued in Vietnam, it was at a low level of intensity and appeared to be winding down. Kissinger stressed the importance of American aid in reconstruction to consolidate peace.

Shifting the Negotiations into High Speed

On returning to Paris, I received new instructions to speed readiness of a first year aid program for presentation to the Congress. At the same time, I was to make it unmistakably clear that there was absolutely no possibility of aid from the Congress in absence of strict observance by the North Vietnamese of the terms of the cease fire and withdrawal of troops.

The strategy was to package the aid “carrot”, and then not move it until there was political compliance with the conditions of the Peace Agreement.

Speeding preparations for aid pleased the North Vietnamese since they spoke frequently of the urgent need to repair the war damage to their economy.

Identifying a five year program of reconstruction was the necessary first step. From the DRV list of requirements we selected commodities and equipment which we estimated at about $3 billion (out of the massive shopping list of $9 billion) and in a preliminary way identified five annual trances. On seeing our calculation, Minister Chou objected that we had omitted five important projects, namely complete plants for steel, trucks and tractors, diesel motors, ship building, and petro-chemicals. There also were light industry projects for yarn, textiles and silk as well as air conditioners and port facilities.

They placed emphasis on 41 industrial plants (out of an alleged 300 destroyed by bombing), but they admitted that some of the plants they sought were new. Industrial equipment represented 62 percent of their request; transport and communications 12 percent; agriculture 6 percent, and shelter and maintenance of living conditions, 20 percent.

The task was to divide DRV requirements into what could be considered in the first two years and those which would fall into the last three years of the aid program. Minister Chou and I finally agreed that such a five year program would be an “approximation”, after he fought like a tiger to avoid my insistence on the term “preliminary”. Where precision was important we worked in both languages and one was never sure of the nuances of translation. For me “approximate” was good enough, but he would return again and again to aspects of the five year program.

A first year level of grants was agreed at $650 million with 16 percent in cash, but only after arduous bargaining, for Chou initially sought much more in both categories on the

grounds of the urgency of their needs for early repair of war damage. In the process of gaining agreement, I offered to assist the DRV to raise funds with other donors to help meet their urgent requirements for spare parts and equipment from non-U.S. sources.

My objective was to focus the first year program on basic human needs: food, clothing and shelter - although the actual content was on the tools and equipment to secure basic needs, as well as related restoration of communications and transport for their distribution. As to possible future industrial projects, the program we agreed included $10 million for feasibility and engineering studies.

A persistent point by the DRV team concerned an alleged assurance by Henry Kissinger during earlier negotiation in Hanoi that the U.S. grant aid would maintain a set value in spite of devaluation. Consequently, when the U.S. went off the gold standard in early 1973 and the dollar was devalued against major world currencies, Chou sought a compensating upward adjustment in the promised aid level. I gave Chou a list of countries which held a parity in currency exchange with the U.S. dollar, and let it go at that.

Regarding reimbursable commodity aid (promised at $1 billion to $1.5 billion), we initially developed an illustrative PL 480 package of wheat flour, rice, corn and vegetable oil which could be provided on humanitarian grounds. However, there were insuperable problems.

Chou sought productive tools and equipment rather than consumable commodities, and assurance of firm annual commitments over five years, both of which were impossible under U.S. PL 480 legislation.

The real problem was that the previously large U.S. food grain reserves had been transferred to the Soviet Union on highly concessionary terms. This was a feature of the Nixon/Kissinger geopolitical balance known as detente, which presumably had yielded some strategic advantages for the U.S. However, the loss of U.S. food grain reserves played havoc with food markets, both domestically and globally. With widespread drought of 1974 and resulting food grain shortages, prices soared and there were severe hardships

for many in the U.S. and abroad. Under any circumstances, North Vietnam was a low order claimant and I simply glossed over the issue with Minister Chou.

Generally, however, we were progressing at a rapid pace with agreement on the detailed contents of a five year program of reconstruction assistance by sector and annual amounts, as well as a carefully defined first year program. Such was our progress that Minister Chou presented me with a draft Protocol of the program for our respective signatures.

Then on April 19th, 1993 I was instructed to break off negotiations abruptly with the North Vietnamese in Paris and return to Washington for extended consultations.

Getting Le Duc Tho's Attention

The economic track of negotiations to heal the wounds of war had gotten ahead of the political track of compliance by the DRV with the terms of the Peace Agreement, especially as concerned Laos.

While I had continued to link the prospect of aid with compliance in the withdrawal of troops, Minister Chou would routinely respond that President Nixon had given assurances that U.S. aid for reconstruction was without political conditions and that, in any case, these were matters which should be taken up in another channel. Clearly I wasn't getting the message across.

But Henry Kissinger wasn't getting through to Le Duc Tho on Laos and a continued military presence by the DRV in Laos had tactical advantages affecting the military stalemate between the North and the South which underlie the Vietnam peace.

On April 24, I attended a meeting at the White House of the senior NSC staff. They said that suspending the aid negotiations had succeeded in getting Le Duc Tho's attention; the tone of messages had changed immediately and were more conciliatory. How badly did

they want our aid, how far could they be pushed? There was an opening to reformulate the terms of the troop withdrawal from Laos, although views differed as to long-term prospects. A view was expressed that given the situation in Laos, the U.S. lacked the means to restrict the influence of the North Vietnamese. However, Kissinger was adamant: “The North must adhere to the cease fire or accept the consequences”.

Following further negotiations between Kissinger and Le Duc Tho, I was instructed to return to Paris on June 14th and “make pretty speeches” for 15 days, but not “conclude anything” until movement by the DRV was clear. We would know by July 3rd, Kissinger said. Apparently, Le Duc Tho had insisted on resumption of aid discussions before considering any move on their side.

On June 25th I was called form Paris for a meeting at the California White House in San Clemente. Henry Kissinger wanted a precise scenario on options for further negotiations on aid in Paris. The status was as follows:

- We had “agreed” a first year aid program - stopping just short of joint verification of the text. It could be sent to the Congress without further work. For the DRV the next step was signature by the two governments.

- On the five year “agreed conclusions”, we had not agreed key points on the level of aid, although the DRV leaders had convinced themselves that they have a firm “commitment” figure. Further discussion would risk weakening that conviction and our political leverage.

- What remained to be negotiated were modalities of implementation for an aid program with North Vietnam.

A factor in the equation was a recent law passed by the Congress - the Case Act of August 22, 1972 - that any international agreement, other than a treaty, to which the United States is a party shall be notified to the Congress no later than 60 days from its

entry into force. My signing of “aid conclusions”, sought by the DRV, would start the clock for notification to the Congress.

On July 3rd I got the word to formally resume negotiations. We indicated this intent by a press statement that said: “Following fifteen days of discussion, the U.S.—DRV Joint Economic Commission has decided to continue its work in Paris.” In retrospect, it is interesting that Minister Chou and I met on nine separate occasions during those 15 days of standpat “pretty speeches”, and that he also understood we were play acting.

Focusing on Aid Implementation

During three weeks in July we engaged in intensive discussion with the DRV delegation in 18 separate meetings on arrangements for aid implementation.

I sought a meeting of the JEC in Hanoi as essential to follow-up presentation of an aid request to the Congress. A program which had been entirely worked out in Paris, without any apparent review on site, in North Vietnam, would lack validity. Minister Chou was cautious; “Would I raise questions of political compliance with the Peace Accords if I went to Hanoi,” he asked? Apparently my incessant linkage of aid and compliance had not been welcome. The response from the DRV government was that a JEC meeting in Hanoi would only be possible after I signed the “agreed conclusions”.

We did agree on setting up small JEC offices in Washington and Hanoi to facilitate implementation, and the text of a bilateral country agreement.

At a series of expert-level meetings there was review of concluding documents and modalities of implementation, led by Bob Mossler and DRV Planning Chief Le Khac. My instruction to Mossler was to adopt language “which recognizes the contingent nature of these conclusions, for we cannot undertake any promise to perform which is not subject to approval by the Congress”. From our point of view “Words which express future intentions or plans - finding, study, intention, prepared to recommend - are preferred”.Le Khac

presented extensive arguments for placing sizable sums at the unrestricted disposal of the DRV. He maintained that the DRV should enjoy full unilateral authority in banking arrangements, selection of shipper, and contractual arrangements with vendors. He termed customary AID procedures inapplicable because U.S. “contributions” to North Vietnam were unlike usual aid programs. Mossler held that AID procedures were of mutual advantage, as well as reasonable safeguards of important U.S. fiscal and economic interests, and that we wished to take full advantage of U.S. banking and shipping services.

The final outcome was to agree on modified AID practices for essentially commercial procurement which, although more complex that government-to-government procedures, seemed suited to DRV political proclivities. Completely unresolved was any agreement on verification on the use of aid.

Suspension of Aid Negotiations

In a private meeting with Minister Chou, on July 21st, I emphasized political problems related to the Peace Agreement which were not being resolved. He complained strenuously with injection of issues which were extraneous to the work of the Commission.

On July 23, I was instructed to suspend negotiations and to warn the DRV that “If there is any publication of discussions in the JEC, we will finally and irrevocably break off talks” on any American aid for reconstruction.

My last discussion with Minister Dang Viet Chou was over the wording of our joint press statement. We did not say that there had been progress: nor did we say, as Minister Chou suggested, that our discussions had been “cordial and constructive”.

The agreed press statement simply noted that “Negotiation by the parties of the Joint Economic Commission were “temporarily suspended in order that they could report to their respective governments” and that “No agreements had been reached”.

The suspension proved permanent; the JEC never met again.

Endgame on Aid for North Vietnam

In December 1973 Henry Kissinger was to meet again with Le Doc Tho and the question came up of my return to reopen the JEC talks. I strongly argued against renewal of JEC meetings until such a time as the Administration was in a position to inform Congress, formally or informally, about the substance of the agreement.

Otherwise Minister Chou and I would be forced into a charade of talks about matters that had been essentially resolved. I could quibble over details and possibly raise questions of Hanoi's aid from other countries, but these approaches would not be productive.To be effective a further meeting of the JEC would mean signing an agreement on a first-year program, contingent on satisfactory DRV performance on all articles of the Paris Agreement. Senator Mansfield in an on-the-record Congressional hearing had already pushed me very hard to reveal what had been agreed. I held out but a further round of JEC meetings would lead to much stiffer Congressional inquiry and tend to limit any benefits of further discussion of aid with the North Vietnamese. The real problem, I concluded, is that we were offering an imaginary carrot, and Congress would quickly reveal this fact if they focused on the issue.

In the Spring of 1974 there were press reports that Secretary of State Henry Kissinger had tentatively agreed with North Vietnam's Chief Negotiator Le Doc Tho on large-scale U.S. aid in exchange for a decision by Hanoi to withhold a threatened major offensive against South Vietnam.

A year later, in early April 1975, the forces of North Vietnam captured Saigon. The pictures of Americans scrambling to get out of Saigon shocked the world. At the time, I was in Paris chairing a meeting of representatives from OECD governments. The general view

expressed informally was that the American prestige had been badly damaged and would not soon recover.

I acknowledged that the Vietnam experience had left deep scars on the American psychic and social fabric. The tragedy of the entire Vietnam experience was that vital American interests had not been engaged. This being the case, I took the view that the fundamentals of American strength and influence remained intact.

On May 21st 1977 the Government of Vietnam made public the documents affirming the U.S. Government's pledges to contribute to healing the would of war and to post war reconstruction in Vietnam as stipulated in Article 21 of the Paris Agreement on Vietnam. In addition to the exchange of messages between President Nixon and the Premier of the Democratic Republic of Vietnam, and other related exchanges, there was a Note from Maurice Williams, Chief of the U.S. Delegation to the DRV-U.S. Joint Economic Commission, dated 6 April 1973.

The U.S. Government also made the documents available to the public and acknowledged their validity.

Some members of Congress expressed shock both at the secret agreement and at the large amount of aid which had been promised on behalf of the United States, which even to that time had been a well kept secret. Both President Nixon and Henry Kissinger declared that the agreement was invalid since Vietnam had not complied with the Paris Peace Agreement. The House voted against providing any American aid for reconstruction of Vietnam, and demanded full accounting of American service personnel missing in action.

Was there ever any prospect that President Nixon and henry Kissinger intended to submit a request to the Congress and defend an appropriation of funds for North Vietnam? In principle, it seemed possible as part of the package of measures to secure the peace. Perhaps, there was an intention to do so in the early stages of implementing the

Paris Peace Agreement - several weeks following the January 27, 1973 signing of the agreement to the end of March - when the American prisoners of war were released.

However, once the prisoners returned and South Vietnam's defenses appeared to be holding, then the prospect of aid became illusionary. Veterans of the Vietnam war, and particularly the former prisoners of war, constituted a powerful public voice opposing the very idea of aid to North Vietnam, and they had ready support in Congress. It also could be said that given the ambiguities of many of the provisions in the Paris Agreement - and the years of distrust by the warring parties - full compliance was a near impossibility.

In its latter stages, discussions of American aid for North Vietnam became a form of charade, an illusionary game in which Henry Kissinger excelled, but in the end the game was lost.

The Republic is Grateful

During 1974 the Nixon White House consolidated its control of the bureaucracy by removal of senior officials believed to be too independent or too liberal. John Hannah, as Administrator of AID, was both. He was summarily dismissed (by phone while on vacation in Michigan) in favor of Dan Parker. Loyal to Hannah, both personally and as his deputy, I was deeply disturbed by the changes.

It was suggested that I accept an ambassadorship in a foreign post, and among those offered were: Indonesia, the U.S. Delegation to the OECD and Chairman of the OECD Development Assistance Committee (DAC). I indicated a preference for the latter and, following approval by the 18 member governments of the DAC, I was posted to Paris in that position.— Maurice Williams

End of interview