INTERVIEW I

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INTERVIEWEE: MAURICE M. BERNBAUM

INTERVIEWER: JOE B. FRANTZ

PLACE: Room C, Cosmos Club, Washington, D.C.

Tape 1 of 1

F: Mr. Ambassador, you came into the Foreign Service from outside, as my notes tell me. You didn't start out to be a career diplomat.

B: Oh, yes, I did. I took the Foreign Service examinations in May of 1936, and I started my first post at Vancouver at the end of December of '36.

F: Did you have any background in Latin America, or did you just sort of drift into it?

B: I drifted into it. I might say that it was about the last area that I thought of working in when I entered the Foreign Service.

F: You didn't know how much of your life was going to be spent there, did you?

B: I had no idea.

F: How'd you happen to go down there in the first place?

B: Well, after returning from Singapore, just before Pearl Harbor, I was being assigned to Algiers. Well, I'd been there a bit over three years; I left there about a month and a half before, and I was going to be assigned to Algiers. When the people in the Department learned that I was going to be married, they decided

that Algiers was no place to send a newly married man, and they sent me to Caracas.

F: What'd you have, a quick brush-up in Spanish?

B: Well, that was odd. You know, I entered the Foreign Service speaking French and German. I never used one or the other, and when I went to Caracas I had to learn Spanish.

F: Your language training didn't help at all. Caracas must have been a rather interesting place at that period.

B: Oh, it was. It was a small town of about 300,000--definitely a small town.

F: Was it much of a listening post in the Lisbon sense?

B: No, we really had very little to do with the war. It was disappointing, in that respect, to be out there more or less on the sidelines.

F: And then you came back to Nicaragua?

B: Yes. From there, after being in Caracas for three years, I went to Nicaragua, which was an interesting period. I had wanted to go to the war area. They needed somebody in Nicaragua, and I was there. So it worked out. Although a fairly junior officer, I became chargé d'affaires during the revolutionary period, and it was an extremely interesting experience.

F: This was when Somoza came in?

B: This was when Somoza finished his term, General [Anastasio] Somoza [Debayle]; when he had his wife's uncle, Leonardo Arguello, elected, and then deposed Arguello a few months later because Arguello was

was working to get him out of the country. And I was chargé at the time; so it was very interesting.

F: And then to Quito?

B: Yes, then I went to Quito as Deputy Chief of the Mission.

F: Did you anywhere--we'll move ahead--prior to 1960, ever run into Lyndon Johnson as congressman or senator or anything else?

B: Yes, I did. I did run into him in the Senate. I was visiting the Department at the time. It was during the fifties--the early fifties I think. I was visiting from Caracas, the second time. There were a group of Venezuelan congressmen who were visiting, and I accompanied them to the Senate, and then-Senator Johnson greeted them. He more or less acted as spokesman for the Senate.

F: Was it just sort of a polite, perfunctory performance?

B: Yes, that's what it was.

F: Did he seem to come across to them very well?

B: Oh, very well. He was one of the people who showed an interest in meeting with them, and showed them around; chatted with them; joked; answered some of their questions.

F: Did he have any opportunity to show any grasp of Venezuelan and Latin American affairs?

B: No, not at that time. There just wasn't enough time to get into it. I think he did just what we were hoping he would do--more or less broke the ice for them, made them feel at home.

F: Then, President Eisenhower named you the Ambassador to Ecuador, a year or so before he went out of office.

B: No, just immediately before. I was Deputy Chief, Minister Counselor to Buenos Aires then, and he named me in October of '60. The man he had named previously, who had formerly been District Commissioner, died before reaching Quito, and so I was the next one chosen.

F: I don't want to pre-empt what people working on John F. Kennedy might ask you sometime, but tell me a little bit about the sort of climate in which the Alianza [Alliance for Progress] was projected. How was it received in Quito?

B: Oh, very well. Very well indeed. It was really the basis for my work there. It was a basis for traveling around the country and more or less finding a rapport with the people and with the government. And wherever I went, I found people very much aware of the Alliance; understanding it very little; just knowing it was there; even to the point sometimes of looking at the United States as co-government, which was rather uncomfortable. But it was a very, very important factor. And I do remember the reaction to Kennedy's assassination.

F: Was there a feeling that there was a deep plot in the fact that it happened in Texas and made Lyndon Johnson President?

B: I don't think the people in Ecuador thought in those terms. They were not that closely involved in the domestic aspect of our policies. They were primarily thinking in terms of the impact on themselves. But, I find here a rather interesting incident. The day afterwards, I received hundreds of people in the Embassy, who came to pay their condolences. Hundreds more, maybe thousands, had

signed the book downstairs.

F: Well, what did you do? You lowered the flag to half-mast, and I suppose everyone wore black armbands.

B: Yes, that's right. And the high ranking government officials visited. Various groups from the interior visited. And the one thing that struck me was the great preoccupation--after the expression of sorrow over the President's death--the great preoc-cupation with what was going to happen to the Alliance. And without any confirmation at all, I assured them that President Johnson was going to continue with the Alliance; that that was a basic element of U.S. policy. And sure enough, that same day, he confirmed it.

F: I suppose that up to this point Johnson was a relative nonentity in Ecuador.

B: He wasn't known, no.

F: And one thing that isn't really pertinent here, but I'm curious about: you were in Caracas after the famous spitting incident on Senator Nixon or Vice-President Nixon?

B: I accompanied him.

F: Oh, you were along.

B: Dick Rubottom, a Texan, and I accompanied him. I was Director of the Office of South American Affairs at the time. I must say it came as quite a shock.

F: Well, I won't pursue that. That's not part of this project. It did, incidently, get me a free trip to Chile, which I always appreciated. They wanted to send a group of students down and bring a

group of students up, and they asked me to take the first group down. And, incidently, the University of Texas program has gone on. The others have all died somewhere.

Johnson is now the President. When does he get in touch with you, or does he get in touch with you? Is there any essential change in your mode of operation with the change in President? We still have the same Secretary of State, of course.

B: You mean since my departure from the . . .

F: No, I mean after the assassination and the coming of a new President.

B: It was a smooth transition. Yes, we had the same Secretary of State. There was really little change in terms of operating procedures, and in terms of what we said, and in terms of policies.

F: Now then, you were moved in '65 to Venezuela. Was that move just sort of a logical one on the part of the State Department moving its people around for the most advantage, or did the President have some interest in this?

B: I believe, no, it was more or less a normal thing. I had been at Ecuador as Ambassador for a bit over four years. That's about the usual maximum time a man is in a post. Caracas was open; our Ambassador there had had a heart attack about six months before my nomination to Caracas. It is a very important post; we had serious petroleum policies with Venezuela. There was a guerilla operation against the Venezuelan government, which was something we viewed with a great deal of alarm. So there was a feeling that we should have an ambassador, and I was sent there.

F: Back in Ecuador, before we leave there, did you have any intimations of Arosemena's [Otto Arosemena Gomez, Pres. of Ecuador, 1966] general unhappiness with Johnson or the United States that erupted down in Punta del Este?

B: Oh, you mean Otto Arosemena. This had been building up for a long time, and I think Otto inherited it. I'll have to be frank here. I think we followed a rather short-sighted policy in utilizing pressure through the Alliance for Progress aid to get goodies for our American business community. We were leveraging all the time. This wasn't because the Administration wanted to do it. There was pressure from Congress; there were some amendments which had been passed by Congress; there was one passed shortly after the [Senator Bourke B.] Hickenlooper Amendment, which provided for the cutoff of aid to any government which owed money to an American firm [which] it didn't pay off. It converted the United States into a bill collector. And we just used that time and again to the point where these people . . . You could see they were gnashing their teeth. They were infuriated by it, but holding it in.

F: Really the kind of cold-eyed banker image . . .

B: Yes. Then, I think we followed a rather unfortunate policy, a rather clumsy policy, in the extension of aid. We were a bit too obvious in trying to tell them what they had to do. It's just like giving a man money--a fellow who's hungry--and then saying, "You can't have steak; you've got to have hamburger," or, "You've got to have white bread toast, not rye bread toast"--something like

that. Our advice might have been good, but that would stick in their craws because they were being told what to do. And so this was building up. And I know that in conversations with Arosemena's cousin, who had been President before and had been overthrown, Carlos Julio . . . Frequently I'd be talking with him about the utilization of aid from the United States. I'd say "Why don't you use it? You're just wasting the opportunities." And he'd say, "I just can't comply with the requirements." Well, I didn't sympathize with him at the time. I think our requirements were justified, but added on to all these other things, these things became intolerable. So when you had a man like Otto Arosemena--whom I had met when he was Senator; was a rather proud, arrogant wise-guy--it was almost inevitable that he was going to react and get some domestic political kudos in doing it.

F: Was fishing a problem while you were there?

B: Very definitely. We negotiated an agreement with them. It was a secret agreement because the government didn't feel free to make it public, not only because of domestic opinion, but also because of reactions from Peru and Chile. But we did negotiate an agreement--which involved the 12-mile limit--which resulted in a substantial cut in licenses for use within the 12-mile limit. It was quite an advantageous agreement. It was one which we, shortly before my departure--which the Foreign Minister and I had talked about canceling in favor of domestic legislation, which would mean the Ecuadorians had done it and had not been forced to do it. And

unfortunately, although we got agreement from Washington to go ahead with it, nothing was done, and when the military government in power at the time was overthrown, it became quite a scandal, and the agreement was denounced.

F: Was this a case of inaction on the part of the Ecuadorians in getting the change made?

B: I don't know. I never did know because we had agreed to do it. The Ecuadorians were actually pressing me to get our agreement to do it. So I never did find out why it didn't happen.

F: Was the treaty abrogated, or was there a kind of implicit abrogation in the Ecuadorian attitude?

B: What we call a modus vivendi -- a sort of informal agreement which is not put on the books and published, a working agreement. They just said, "No, we're not following it anymore," denounced it. That's all there was to it.

F: Out to 200 miles then.

B: Went right back to 200 miles.

F: How conscious are they of neighboring opinion on something like that? I think one of our longtime mistakes - this is my own amateur view - has been a tendency on the parts of many people in this country to lump Latin America together and not realize the vast differences from country to country. On the other hand, they do tend to stand somewhat solid when the United States is the common party.

B: That's right. You have them both. You have points of similarity, and it's important to know these, but then also differences, which

are also important to know. I think the Ecuadorians were able to count on support, whether overt or not, from most of the other Latin American countries in their claim to a 200-mile limit. This didn't mean that the support was based on technical factors; it was just based on the idea that here was a little country that didn't have very much and had a chance of getting something, and they thought they ought to get it.

F: Is there any magic in 200? Is it negotiable between 12 and 200, or is it an either-or situation?

B: Well, I think the origin of the 200 was in our Continental Shelf Doctrine. I spoke with a number of Ecuadorians about this in the early stages, and they said, "Well, you people, being a great power, decided that the Continental Shelf Doctrine was to your advantage, and you happen to have a continental shelf, which is why you decided on it. Your continental shelf is about 200 miles. Well, the Pacific coast doesn't have a continental shelf, but we do have fishery resources, so we decided on 200 miles for that reason."

F: Do you have sort of an ambivalence or ambiguity there between the lack of development and the resentment of assistance?

B: Oh, very much. You find that all over. It varies between the people, on the one hand, who want the development and who are going to benefit from the development, either financially or professionally, and on the other hand, the radical revolutionary types who don't like what they see and think that everything in existence is bad. And in between, you get the people who feel that development is

terribly important, and yet they rather sympathize with the viewpoint of the revolutionary. I suppose you might say it's similar to the reaction of an American if he were to walk down Broadway, and, instead of seeing signs of American firms, see German, French, and all the rest of them, and saying "Well, if I want to earn a living, I've got to learn a foreign language." That may not be rational, but I guess it's human. So you do have that ambivalence in viewpoint. They want it, and they resent it.

F: Were you there when the Oriente explorations for oil began?

B: Yes, I arrived there in '48, at the time, more or less, when they realized, or they thought they realized, that there was no oil and were beginning to retrench. There was first Shell and then Standard of New Jersey.

F: Was there a general sort of optimism in Ecuador that they could become an oil-producing country?

B: There had been great hope, which, of course, was dashed. I do remember one rather interesting incident when Galo Plaza--now Secretary General of the OAS, then President--visited the Oriente. By that time, they had become resigned to the idea that there was no oil, and he returned with a speech to the effect that there was no point in trying to develop the Oriente, that this was something for their great-grandchildren. The thing to do was to concentrate on the Pacific coast. Well, this almost led to his overthrow. The opposition just grabbed onto it as sign that Galo Plaza was just giving the Oriente away to the Peruvians, was not patriotic. And it indicated the depth of feeling about the area even at a time

when they felt there was no oil there.

F: They weren't concerned at that stage of exploration about a further intrusion of U.S. capital?

B: Oh, no. You see, U.S. capital had never been very large in Ecuador. It was confined to small things. I might give you another example of attitudes there. I was at a dinner one night at the home of a popular and well-connected politician who was surrounded by a group of people, and they were discussing imperialism. And one man whose name I won't mention here now--he was very well known--said "Well, how can you say that there is imperialism in Ecuador. You can say there's imperialism in Peru; it's loaded with American money. But we have practically no money here, so there's no imperialism in Ecuador.

F: Did the Peace Corps catch on as an idea in Ecuador?

B: Yes, yes. I found them very well received wherever they went. There is a lot of affection for them. This was in the early stages when you had the young men full of idealism, who did live with the people, and who did, despite the lack of specific skills, make contributions to the local community. I always found a lot of affection for them.

F: Did the Johnson image--which is undeniably different from Kennedy's--did it suffer by contrast as much as it is reputed to have?

B: No, no. It was a transition. I think the feeling in Ecuador was that Johnson was carrying on with the Alliance for Progress. That was the important thing. And to the extent that people felt they could rely on it, you had a good image.

F: Were you there during the . . . You'd left by the time of Santo Domingo?

B: Yes, yes, I had just arrived. . .

F: After you got to Venezuela . . . ?

B: Shortly after I got there.

F: How did the Venezuelans react, both officially and unofficially?

B: Officially, very badly. I think the mistake we made there, as in many other countries, was in not at least talking with them before we did it. I think if we had, that much of the opposition we had would have been at least muted. I remember returning to the Embassy from a military party--the commanding officer in the Panama area was visiting. We got back to the Embassy at about 10:30 [p.m.], and I had a phone call from Washington telling me about this and asking me to talk to the President. Well, I tried to get the President that night. I didn't know him as well then as I did later. At that time, he was conducting a meeting, the result of which was a resolution condemning the action of the U.S. I always had the feeling that if I had [had] the opportunity of seeing him, at least in the morning or the day before, and saying "Mr. President, this is a problem. What do you think about it? It's your problem as much as ours. What advice can you give?", without necessarily being ready to take his advice, I think perhaps that might have helped. But the reaction was very bad; the press reaction was poor. Now in private, as

very frequently happens, you have individuals saying, "Well, I agree with you. I hope it works," but they never say it publicly.

F: Yes. You almost have a public stance that's foreordained, don't you?

B: Yes. Well, there's a general concept in Latin America that the U.S. should not intervene.

F: How much notice did you have of our action?

B: None. It had already happened when I found out.

F: You mean that you found out from what you learned in the papers to a certain extent? (Laughter).

B: [I had] that telephone call about 10:30 at night announcing, telling me, that we had already made the landings.

F: What did you do toward getting Venezuela hooked into the OAS action?

B: Well, I had a telephone call a few nights later from Ellsworth Bunker, also at night, asking whether I could talk with the President about getting them to cooperate in this OAS operation and in the resolution . . .

F: For the record, who was the President?

B: Leoni, Raul Leoni, an Acción Democrática President. The question was the composition of an expeditionary force. So I got in touch with the President that night, and explained that problem to him. He called me back a bit later and said, "We'll go along with you on one condition: that the resolution state that as Latin American troops are available, they will replace American troops on the expeditionary force to the point of proportional representation. Because if you do that, we'll collaborate on the resolution, and

we'll participate on the committee." Well, I don't know what happened. It didn't work out. So the Venezuelans abstained and opposed.

Then later, one of my predecessors, Ted Moskoso, arrived rather suddenly. He had been asked by the White House--I think by McGeorge Bundy--to come down and talk with me about it, which he did. We both saw Leoni, and we reached a more or less similar kind of arrangement. The tendency in Venezuela was toward a great deal of pragmatism. They were pragmatic, although, in public they would take the usual stand. But again, the discussions we had didn't work out. They were just a bit too far from what our thinking in Washington had been.

F: I rather gather Leoni was approachable as far as you were concerned.

B: Oh, yes, we were very good friends. I found him a pretty reasonable man. He had his hang-ups; he had his own problems, but he was generally ready to talk, particularly when you talked in his language about political problems. I always had a feeling . . . Well, as a matter of fact, he came back from Punta del Este very much impressed with President Johnson for the reason that Johnson spoke to him in the down to earth terms that he was accustomed to. He spoke in terms of political realities back home, which Leoni understood.

F: How much planning did you put into Punta del Este? What was your role?

B: Not very much. We had a special group here in Washington who were doing the planning, and my participation was confined largely

to giving Venezuelan ideas and what I felt would be possible in Venezuela.

F: You never had any reluctance on Venezuela's part to go?

B: Oh, no, no, no.

F: You didn't have that on again, off again thing you had further south?

B: No, not at all. They had no hang-ups with us. Of course, they did on petroleum. Whenever they made any statements, it was always with reservations regarding their petroleum problems with us.

F: Did you go to Punta del Este?

B: No, I did not. Very few of the mission chiefs on the spot went. As I say, it was mostly Washington operation. Lincoln Gordon, I think was Assistant Secretary then.

F: But your reports, then, as Leoni came back, were that it was a reasonably successful conference of that sort.

B: Oh yes. Venezuela was a definite supporter of that conference.

F: Did it handicap the Johnson Administration any for Johnson to have come from an oil producing state which in one sense was competitive?

B: Once in a while I would hear people say something about it, but somehow not nearly to the extent that you might have expected.

F: Did they take an active interest in Venezuela in the sort of politics of oil importation in this country?

B: Did the Venezuelans take an interest?

F: Yes.

B: Very definitely, they followed every word of every document and every speech. This was the big thing between us, and I suppose that it accounted for the major proportion of my contacts with the Venezuelan government.

F: What do you do to head off expropriation, or to play down the imperialism of the oil capitalists and the usual nationalistic threats, and so forth--as an Ambassador?

B: Well, what I always did was convey the impression that I wanted to know what their problems were, that I would convince them that I would give them a fair shake in reporting what they thought as well as my impressions of what they thought. And my job was to let them know that we just weren't trying to push them around; that we were asking for a reasonable arrangement; that if they had reasonable grievances, we were ready to sit down and talk to them about them. My impression in Venezuela was that they were receptive to that kind of approach, and there was no thinking of expropriation during my time--no thinking at all of expropriation. What they were hoping for was some kind of a preferential arrangement that would cover them against Middle Eastern competition. They were . . .

F: I presume they were acutely aware of the Middle East.

B: Very much--their high cost. I think what touched the whole thing off was a policy of preference for Canada. I think if we had been able to avoid a preferential policy for Canada, the Venezuelans would have been angered, but it would have been in a more muted

way. But Canada presented them with an opportunity, because, they were always able to say that by giving preference to Canada, we were discriminating against them both psychologically and economically, because to the extent that the imports from Canada were taken off the top of the quota, their opportunities for sales were limited. Secondly, it was just intolerable for them--after having been the big supplier of petroleum to the United States, more or less a preferred area--suddenly to find themselves taking a second place. That was rather intolerable to them, and it got to the point, really, that whenever I traveled around the country, the first questions the press would ask me were about petroleum. And they'd always say, "What about discrimination?"

F: Were there any racial or ethnic overtones on that?

B: No.

F: Since Canada is, to a certain extent, white Anglo-Saxon, rather than a basically Catholic, Latin country, did it make a difference?

B: Well, I think it's logical to think of that. I never heard anybody mention it in that way. But it's logical to think that that may have played a role.

F: Were you able to make inquiry or representations that the Canada preference might be hurtful, or was this sort of done independently of consultation?

B: You mean in my dealings with the Venezuelans?

F: Yes. And with your dealings back here?

B: Well, it was a complicated thing. In dealings with the Venezuelans,

I used to point out that if we didn't take considerable amounts of oil from Canada, which came from the West, that the Canadian market for Venezuelan oil might dry up to the extent that Canadian producers would be pressuring Canada for the building of a pipe line from the West to the East. You see, the Canadian situation is that they import in the East and export from the West to the United States. So that by and large, if we were to eliminate this preference for Canada, Venezuela would be hurt. And their answer always was, "We don't want you to eliminate a preference for Canada. We understand the problem. We just want the same kind of preference." You see, that was their leverage.

F: Have you ever . . . I presume you transmitted this . . . ?

B: Oh, very much.

F: What kind of reception did you get on that?

B: Well, it was a rather difficult reception. I think, in the State Department, the responsibility for that problem had gone to the Bureau of Economic Affairs, and the attitude of the Assistant Secretary at the time was: we made one mistake in giving a preference to Canada, and we can't compound that mistake by giving another preference to the Western Hemisphere. Which was perfectly logical.

But at the same time, we used to point out that we were faced with a fact of life. You were dealing with the Venezuelans, who had a great many cards. They had the oil; there were American companies there; the basis for the privileged position of the American companies was access to the American market. As you limited the

American market, one way or another, the position of the American companies was going to deteriorate. The Venezuelans had a commodity they could sell fairly easily. They had tremendous supplies of gold--gold deposits in the United States. In other words, if we got in a war with the Venezuelans, we might hurt them, but we'd get awfully hurt ourselves. So it seemed to us in Washington that it made only common sense for us to give. We were giving in very many odds and ends, but which didn't have the impact which a preferential situation would have had. We gave where it didn't give us as much benefit.

It was hard to sell that back home. You had too many groups. You had the Department of the Interior. You had Creole, Standard of New Jersey--which was, I think, still in a state of shock over the raising of taxes in 1958 after the overthrow of the dictatorship. They never forgave them for that I think. And they were always worried about the impact on other parts of the world with any concessions made to Venezuela. So although I think the oil industry realized that they were playing a dangerous game, they still insisted on playing it. They were not willing to go along with the idea of a preference, and eventually they lost in Venezuela as well as in the Middle East.

F: Does policy, in a sense, get made on something like that, specifically, in Commerce, in Interior, in the Bureau of Economic Affairs? Is it a sort of general wearing down and agreement in that way? Where is the nugget that . . . ?

B: I think in the case of petroleum it was the industry. Because every time we got the government--the Department of State, Interior, the White House--to start thinking about doing something in the way of preference, the natural tendency was then to consult with the oil companies to find out how they felt about it. And I think there you probably found that the industry, particularly Standard of New Jersey, made the decision. The feeling being that they're the ones who have the interest, they're the ones who pay for it--they face the risks.

F: You have all these periodic demonstrations, nationalistic speeches, and so forth? Are they looked on as window dressing, or do you take them seriously?

B: I always took them seriously because of the effect that they might have on the government--particularly since the governments in Venezuela during the past two administrations have been minority governments in Congress. They haven't had the ability to get the policy through Congress that they want or to forestall actions from the opposition that they don't want. So that made them particularly vulnerable to propaganda--adverse, nationalistic propaganda. And I think that is one of the reasons for the blows that the industry has suffered in Venezuela during the past year and a half. The government just hasn't been strong enough to stand up against it.

F: How do you walk that tightrope, in countries where parties can be pretty violent, so that in case the Leoni government falls, you're still on speaking terms with the next?

B: Oh, I maintained relations with every political party in the country. I saw them regularly. We used to have lunches with what they call the boards of directors of every political party about every week. We had lunch with one or another every week. My junior officers, political officers, would be in touch with the lower ranking people. So we had a continuous dialogue, and when you had the political campaign, I visited the campaign areas of every party except the Communist. So that when the new government came in, the COPEI [Social Christian party] government, there was just no transition at all. I knew the new president just as well as I knew the old one.

F: Was Gallegos still a factor when you were there?

B: Well, he died. He's dead, yes. Gallegos. [Rómulo] Betancourt had been the big figure after Gallegos and he may be coming back as the next candidate.

F: Did Vietnam become a real problem to you?

B: Yes, yes. I think the governmental reaction was that although they understood our problem there, they foresaw the effect it was going to have on the Alliance for Progress. They saw that this was going to mean a lessening of American participation -- financial participation. So their hope was we'd get out of this thing as soon as we possibly could. Later, of course, as the situation became more difficult, they became concerned.

And yes . . . this is rather interesting, too. And here again you find an ambivalence. I might say, aside from the government, the

press was generally opposed. When we stopped the bombing--President Johnson stopped the bombing in '68--and we initiated the talks, I heard some comment from our former critics, or our critics in Venezuela that: Where does that leave that part of the world that is dependent on the U.S.? If the Vietnamese can't depend on the U.S., will we be able to depend on you fellows in case we have a problem?" And there again, you have the other side of the coin.

F: Then there was that problem that has been mentioned, and usually discounted then, of whether you hold up your word no matter how much it hurts.

B: That's right. And I might say that some highly placed people in the present government, who had been very critical of our Vietnam policy while they were out of power, were quoted in that respect.

F: When you arrived in Caracas, were the Alianza and the Peace Corps on just about the same level of development that you found in Ecuador?

B: No, no. The Alianza meant very much less in Venezuela. They were not recipients of U.S. aid. They were on their own. We had a small technical assistance programs there. Even there, the Venezuelans paid the major porportion of the costs, the personnel costs. It just wasn't as much of a factor there. I think when they were talking about the Alliance . . .

F: Strictly an economic difference in the two countries?

B: Oh, yes. I felt like a pro-consul in Ecuador, and like a diplomat in Venezuela. There was that difference.

F: That's intriguing. What do you do in a country like Venezuela to--in one sense--to illustrate the blessings that industrialization has brought to the country [and]--at the same time--to minimize the extreme poverty in other areas and the dislocations that come from it, and try to encourage a general upgrading of life.

B: You didn't . . . you were speaking with the converted in Venezuela. They were industrial-minded. They had the resources. They were building up the country, and they still are building up the country. A problem there was . . . .

F: I presume they had an even better belief in progress than we do.

B: That's right. The only problem I found, aside from petroleum, when I arrived, was a pending bill to nationalize the insurance industry. And there was a great deal of agitation there because this would mean that many of the American insurance companies would have to relinquish control of their companies.

Now, I remember having raised the subject during the various initial lunches I had with the various heads of the political groups. The man who is now President was the head of the party which had pushed this legislation. And so the first time I had lunch with him, I asked him about it. I said, "I'm not interfering with what you're doing. I'm just curious. I want to know, because my people are affected. They're coming in and talking with me, and I'd like to get an idea what you're thinking about. Now, why are you supporting this kind of legislation?"

And he said, "Well, you fellows are dealing with our money. You're

dealing with Venezuelan insurance money. We don't need you to handle our money. If we need you, it's for you to bring in your money. So we feel here that when it's a case of the utilization of Venezuelan money, we ought to be the ones in control." And, of course, by inference that would imply also the banks, which was later implemented.

So I found here an attitude which was: we're interested in American money; we're interested particularly in technical know-how that American money brings; we want the American money, not to compete with our industries, but to develop the areas that need development. That's what we're particularly interested in, and what we want also is for American money and technical know-how to put us in the position eventually of doing what you fellows did vis-a-vis Europe--managing our own industry eventually and taking over. It seemed reasonable, and this was the thesis that I always mentioned to the American community, which I think most of the American community agreed with. So there were no real problems. There were no fundamental problems. Whereas, in Ecuador you did have greater problems. You had a wide gap between the people and the business community, on the one hand. [You had] a wide gap between the business community and the government, because this was no longer the aristocratic government you'd had in the past--the Galo Plaza period, you know, the benevolent aristocrat. You now had the middle classes in power. So there was a great lack of confidence between the two.

And I remember one time talking with the Minister of Economy

who was a very well-trained economist who had been with the Inter-American Bank about the inability of the Venezuelan government to utilize American loans. They had applied for loans; we made the loans, and then they couldn't utilize them. And the important point there was that they just didn't know how. Their people weren't experienced enough in business to feel competent to make decisions. And I talked with this man about it, and I said, "Why don't you bring in some of the people from the business community, get them to collaborate with you?" And he said, "You're right. But they're so damned expensive." It was lack of confidence between the two groups which is very strong in Ecuador [and] which is not the case in Venezuela. There was more rapport, more working together.

F: Was the IAB looked upon as a Latin-American bank, or was it just another U.S. institution that had some token Latin-American representation?

B: Oh, no. They looked upon it as their bank. And in Ecuador there was a constant tendency to try to get the Inter-American Bank to represent them, to act as their spokesman in Washington, and, of course, they had a number of their people in the Inter-American Bank who in a sense were their spokesmen, too. So I think, by and large, the Ecuadorians preferred to do business with the Inter-American Bank [rather] than with AID or with the World Bank. They were too tough. The Inter-American Bank was easy to . . .

F: Is there enough national pride that when someone like Galo Plaza is the head of the OAS, it gives it a sort of prestige and mystique

above what it would have if old Tony Perez from Santiago was in it or something?

B: Oh, sure, sure. I think that when that election was taking place, all Ecuadorians, regardless of whether they were conservatives, liberals, or whatnots, were for Galo Plaza.

F: Just for one of our boys to make good?

B: One of our boys, yes.

F: Something that's always intrigued me--it's in one sense frivolous and yet nothing really is--and that is the number of Venezuelan baseball players that have made good in this country. I rather gather they set great store by people like Chico Carascel . . .

B: Oh, yes, yes. It's a sport. It's a Caribbean sport. Venezuela is a place where I think the two sports cultures meet--baseball and soccer--and they're both tremendously popular. In Ecuador, in the mountains, you saw no baseball. You saw it on the coast. And you did have some well-known baseball players. Up in the mountains they played only soccer.

F: Well, now Venezuela has those winter leagues in which a lot of North American players go south and have an off-season season. Do they present problems because they're all youngish fellows? Undoubtedly, they pull a muscle, and they're looking for local girls, cantinas, and so forth.

B: Well, Caracas is a big city. They can . . .

F: So they can sort of . . .

B: I remember when they . . .

F: . . . fuse into the city, and there's no problem.

B: Yes. I remember when the [Minnesota] Twins and Kansas City [A's] played there. They were playing during that winter season, and although they weren't playing a Venezuelan team, they had capacity crowds. The stadium was just full. And if these fellows got involved with girls, I don't think anybody worried about it. That's what a macho does, anyway.

F: Yes, right. Were the Venezuelans solidly behind the interests of the American steel companies in their iron resources?

B: I don't quite understand.

F: Well, there seems to have been with Bethlehem and other steel companies . . .

B: U.S. Steel.

F: . . . Yes . . . a good deal of interest in the iron resources in Venezuela. Now, did they feel that this was coming in to extract from their country, or did they feel that this was part of a sort of a favorable exploitation?

B: Oh, they welcomed it. And again, there was a tendency to try to treat the steel industry the way they treated the petroleum industry, which was to have the foreigner with the markets do it, but get as much out of him as you possibly can, consistent with his readiness to continue. And so they put the bite on Bethlehem and Orinoco , which is U.S. Steel, every time that they did so with the oil industry; but in line with the new policy that came into effect after the overthrow of the dictatorship, there was a feeling

that instead of giving concessions to foreigners, the Venezuelans themselves would have to be involved in it. So that the very extensive iron ore deposits that they have in the Guyana area, which are much greater than the ones being exploited now, have been withheld from foreigners, and what you have is negotiations with various foreign groups to exploit in partnership with the Venezuelans, or on the basis of a service contract with the Venezuelan government; and they're about to do that now. So what you have, then, is readiness to collaborate with the companies that are there, constantly getting a larger and larger bite, but an insistence, in the future, on participating themselves in exploitation.

F: With the U.S. business community in Venezuela, do you have a conscious sort of native managerial training program so that you will bring more and more Venezuelans into positions of importance?

B: Well, it varies with the companies. I know that, during my time, this was more or less a slogan that I started with, on the ground that this was the best way to maintain good relationships.

F: Can the Ambassador do much in this?

B: Well, I mean exhortation, letting them know that this is what we want, and I do remember that [in] my maiden speech at the American Chamber of Commerce, that was one of the theses, and it was extremely well received. I didn't find any American firm arguing with the concept. On the contrary, a great many of the representatives went out of their way to say that this was what they felt should be done; and they were doing it. But then you always

find some exceptions.

The big question was the degree of Venezuelan participation in ownership. I think there was more of a question there than in management. I think they were interested in getting as many good Venezuelans as they could into the managerial positions, and I think the problem you had there was: what kind of Venezuelans are you going to get into participation. If you need the money, the only place you can get it is from the so-called fat cats or the ones who already own everything else in Venezuela anyway. There was a feeling that . . .

F: Just an extension and perpetuation.

B: All you're doing is identifying yourself with the people who are going to be the targets later. So there was a feeling that if it was going to be worthwhile, you either had to do it through getting a wide segment of the middle class or selling shares; and since the stock exchange in Venezuela isn't as highly developed as it is in other areas, the latter was difficult. But I found a great consciousness--and I might say--I found a lot more consciousness amongst the American community in Venezuela of this--of the need to engage in public relations--than I did see in Ecuador. They were a pretty enlightened group.

F: In all this, did you meet President Johnson?

B: Yes, yes. I met him a number of times. I met him when he was Vice President when we had a Presidential visit--Kennedy's invitation; and then I saw him a few times at the White House.

F: Were these private audiences, or was this . . . ?

B: One of each. We, at one time, had a group of ambassadors who happened to be in Washington at the time, and we met with the President and with the Secretary, and on another occasion . . .

F: What did you talk about on that occasion?

B: Oh, general problems. The Secretary would ask various ambassadors there to describe some of the outstanding problems that . . .

F: Did Johnson participate?

B: Yes, he participated. He was interested. He wanted to know what it was all about, and he asked good questions.

F: Did he seem to know what he was talking about?

B: Yes, he certainly showed that he knew what it was about. And I saw him after I was Ambassador to Venezuela. We had a talk about the Venezuelan problems. I noticed he shied away from petroleum somewhat, so we didn't talk very much about that.

F: What's left?

B: Well, you know, we've got a billion dollars worth of exports to Venezuela. It's a big market. So there was a lot of interest there.

F: Did Venezuela in any sense consider itself an underdeveloped country?

B: Yes, when they wanted loans. One of the problems we used to have with the President there, was that he'd always complain that AID didn't give them any concessional loans and that we were preventing the Inter-American Bank from giving them concessional

loans, you know, the very low interest loans. And I used to say, "Well, you fellows have got so many hundreds of millions of dollars worth of deposits in the States, and it's pretty tough to justify it when you can't give the really underdeveloped countries all they need." So it was a sort of game. They realized they didn't need it as much, but they thought they'd like to get it.

F: Did you feel that the American ambassador had any impact on the Venezuelan business community itself? For instance, one problem in some Latin-American countries is the constant flight of capital into so-called safer places like the United States and Switzerland and Germany and Paris, so that nothing's left at home for development. Now is that a Venezuelan problem?

B: Periodically, whenever there'd be a scare--as there was once when it looked as though the Venezuelan government was going to impose a surtax on the petroleum industry and raise taxes on the rest of the industry considerably--you found the beginning of a flight which was quickly reversed when the government changed policy. By and large, I think there's probably less of that from Venezuela than from many other places; although, there is quite a bit of investment in the U.S. But there's a lot of Venezuelan money in Venezuela. Now I found it a little bit different in Ecuador. People tended to hedge more there.

F: It's a key problem throughout South America.

B: Yes.

F: Whose money do you use?

B: By and large, I think you find that in many of these countries, that the local people have less confidence than the Americans do. The Americans tend to go with the swings in sentiment. If a government seems to be favorably disposed toward foreign capital, you get a lot of foreign capital going in, at the same time that, perhaps, domestic capital may be going out.

F: Did you ever try to set up an interchange between the two Presidents?

B: Yes, yes. Well, we did in Ecuador. Actually I wasn't very much enthused about that one, I think.

F: Tell me about that, just what you went through there.

B: Well, actually, this . . . When the new president came in . . . This was because of the overthrow . . . He'd been Vice President.

F: And this was when who had been president?

B: Velasco Ibarra [Jose Maria Velasco Ibarra] had been overthrown; Carlos Julio Arosemena was the Vice President, and he became President. But his brother was Minister of the [Ecuadorian] Embassy here [in the U.S.], and when he visited President Kennedy with Galo Plaza, who was always pulled out of retirement whenever there was a change of government to establish confidence in Washington because he always had the entree . . . When Plaza and Arosemena's brother visited Kennedy, he said, "Well, I'm delighted to see you here, Mr. Arosemena, and I hope we'll have the pleasure of having your brother here." Well, that bothered me a bit because the brother was a dipsomaniac. Fortunately, he was a very fine man--a very fine mind--had a few hang-ups about the U.S., largely because he'd

been arrested while drunk while he was in the Embassy. He had a certain amount of resentment. But he was a compulsive drinker. I was always worried about what kind of a visit we'd have if he'd get hold of a bottle, if somebody was indiscreet enough to get him one.

Well, we finally had to extend the invitation because of the Ecuadorian government. They began to let us know that they wanted to cash in on this. So we had it. And that's when I met, or when I saw, President Johnson, the then-Vice President.

Actually, he [Arosemena] did drink, and we narrowly averted some rather difficult situations.

I always remember Humphrey when the President appeared at a meeting--the meeting with the Senate, the Foreign Relations Committee, Subcommittee on Inter-American Affairs--he was drunk. And I remember speaking with Humphrey, and he said, "Well, don't worry. We'll cover up. Nothing will ever come out." And nothing ever did.

Then the next experience was . . . Well, I might say another thing here which I think ought to be on the record. We went to a lot of expense and trouble to organize this visit, and it was a productive visit in the sense that there was established a greater feeling of confidence between the President [Arosemena] and the U.S. He was not pro-U.S. He always had that feeling of resentment against us. He was one of these very proud people who was watching to see whether he'd get a slight. He was always waiting for the

other fellow to smile first, and so we smiled, and things were fine.

Then we had a rather unfortunate incident. One of his close friends was Minister of Public Works, and he was visiting in the States in some kind of meeting, and he wanted to see President Kennedy. At that time President Kennedy had the reputation of being interested in seeing people. So when I passed it on to the State Department, I didn't think there'd be any trouble. But somehow somebody in the White House decided this man was not going to see President Kennedy. So I got the word saying, "No, he can't see him."

Well, I talked with this minister and said, "Well, now, I got word from back home, and I fixed it up for you very well. You're going to see the President's confidential advisor on Latin-American affairs. He's the man who does all the work. So you're right there at the horse's mouth, and you will talk to him."

Well, apparently that didn't fool anybody, because a few days later I got a call from the President [Arosemena], who said he was sending his Minister to Washington with a personal handwritten letter to President Kennedy and he wanted that delivered. Could I arrange it? At that point, well, obviously it's going to be done. And again I got turned down. And I wired back saying, "I don't quite understand this. It's a President-to-President handwritten letter. We just made a big investment in relations with this man. Won't ten minutes of the President's time be worth it? And in any

case, can't the President be asked about this to see whether he wants to devote these ten minutes?" Well, it never got to the President [Kennedy] as far as I know.

My relationship with this President [Arosemena] just vanished. We had been good friends, but he wouldn't recognize my presence at formal meetings, and he had always been very meticulous about it. And eventually the big blow-up was a result. He was entertaining the president of the Grace Lines, because the Grace Lines had been nice to his wife. They were inaugurating a few ships, and they had a maiden voyage in which she was on, and so forth. So they gave a big dinner for her, and when I arrived at the palace he was already tight. I went up to his apartment thinking that dinner was going to be up there, and so I went downstairs with him. We were very, very friendly, and he was trying to ply me with drink. But when we got down there and he had another champagne, he made this speech decorating the president [of the Grace Lines], ignoring my presence.

When we got in to the dinner table, he was already pretty drunk. He got up at the soup course, and he made an incoherent speech, the essence of which was--he said to the president of the Grace Lines: "When you go back it will be with the great appreciation of the Ecuadorian people--government and people--toward the people of the United States. And I'm sorry to say, I can't say the same for the U.S. government, which exploits us unmercifully." At this point he sat down. You can understand my position; I just blinked at it. And then he staggered out.

Immediately after the dinner, all the ministers came up to apologize for him, to say they hoped we wouldn't make anything of it, and I said I knew he was drunk, to forget it. And the Foreign Minister came back and said, "You know why he said that? We're having a fisheries dispute"--this was before our agreement--"we're having a fisheries dispute." There was a statement by the Secretary of the Tuna Fisherman's Association, a fellow named Felando [?]; and it just stuck in his craw, because Felando was accusing the Ecuadorian government of not playing fair and whatnot. Between that and the snub he [President Arosemena] got at the White House, he made that talk. He was over it, though, on the following day.

I felt I ought to mention that, in connection with the visit, because here was a visit that was not used because somebody just wasn't thinking in broader terms than his own decision.

F: Did you find that a problem of getting through, or did you have enough in the crisis sense that you thought you got through to President Johnson when you had to? Or did you feel that you would get blocked?

B: On this occasion, I didn't get through.

F: Obviously.

B: If I felt that I had to get through on something important, and if I made it known that I wanted to get through, yes, I'd get through. But I wouldn't do that unless it were very, very important.

F: Was there a general disillusionment towards the Johnson Administration as the Vietnam war got into higher gear. When they paid less attention to Latin America . . . ?

B: Yes, there was unhappiness.

F: . . . did Venezuela feel that it had become part of the backwash?

B: I think there was a tendency--less in Venezuela than in other countries, but definitely there--that Vietnam was interfering with U.S.-Latin American relations. There was that feeling. I might say another thing. You were asking me about the Presidential visits.

F: Yes.

B: I had spoken with Leoni in Venezuela a number of times about visiting the United States. I think he always had it in the back of his mind, but it never worked out. I think, probably, there were two reasons for it. One was that as the elections approached, he didn't want to leave. But I think the main one was that he didn't feel he could go to the States without coming back with some kind of a solution of their petroleum problem. And since he didn't think he could get that, he didn't think it was worthwhile visiting. Now, this is a point that is rather important. When I entered the Foreign Service, and certainly when I started working in Latin America, an invitation from the President of the United States to a Latin American president was a very highly prized thing . . .

F: Almost a command performance.

B: This was something they all sought. And I think my experience in Ecuador and Venezuela illustrated how that had no longer happened. Because we were extended an invitation to Arosemena's predecessor, Velasco Ibarra, which he didn't accept. I think he had the feeling, somehow or other, that this would put him on the wrong side. And

Leoni's failure to accept that invitation, I think, was also indicative of what you might call the cheapening of the currency--the feeling that you had to balance that against domestic considerations more. I'm afraid that goes on today, too.

F: Was there any reaction in Venezuela to Johnson's announcement that he wasn't running again, or was it just . . . ?

B: No, no, there was a very, very big reaction. It was astonishing. You just wouldn't have had that in Latin America. There was astonishment, and a great deal of praise for the President, and regret. They . . .

F: Do they show a real interest in U.S. elections?

B: Very much. I remember the election night. I invited most of the key people in the government and the community to the Embassy to follow the returns, and they were all there. All the candidates were there, the Venezuelan candidates, because their election took place the following month, and there was a great deal of interest.

F: What'd you do--get telegraphic, or telephonic dispatches?

B: We had our U.S.I.A. office set up equipment right in the residence. They took it out of the office, and we got the teletypes right from Washington. We had a board; we just did it the way they did on television here; everybody would be drinking and following.

F: Did you have the U.S.I.A. as a sort of focal point for dissatisfaction that stems from many other countries?

B: We had no problems in Venezuela. We had a good U.S.I.A. director, a very good man; and he knew his work; he knew his job, knew what

you could do and what you couldn't do, and so we had no problems at all. As a matter of fact, he was a great help.

F: Anything else we ought to cover?

B: No. I mean, just to repeat, I think the high point, for the Latin Americans that I knew, of the Johnson Administration, was the immediate follow-up on the Alliance for Progress, the Punta del Este Conference, which, although it did not result in the benefits that the Latin Americans thought they were going to get because of failure to get the action through Congress, still led to a feeling that the U.S. executive was on their side--which is very important. In contrast, I might say that the Dominican Republic affair had mixed reactions--satisfaction, I think, in Venezuela, after it was all over, that it worked, that it achieved the objective--but perhaps unhappiness over the technique.

F: In the Chile Conference one of the professors said to me: "I think you're absolutely right, and I hope you win. I shall denounce you," which I thought pretty well set it up, you know.

B: That's right.

F: Because you're almost forced into a role. Well, thank you, Mr. Ambassador.

[End of Tape 1 of 1 and end of Interview I]

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